



UNAUDITED ANNUAL FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2015**

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 2 to 89, in terms of Section 126(1) of the Municipal Finance Management Act No. 56 of 2003 and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution of South Africa Act No.108 of 1996, save for the disclosure in said note read with the Remuneration of Public Officer Bearers Act No. 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with this Act.

N J MDAKANE
MUNICIPAL MANAGER

Date

Annual Financial Statements

for

KWADUKUZA MUNICIPALITY

for the year ended

30 June 2015

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

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MR S M Rajcoomar

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KWADUKUZA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

General information

Members of the Council

N R Mthembu	Mayor
G Govender	Deputy Mayor
T Khuluse	Speaker
C R Marsh	Member of the Executive Committee
M S Sing	Member of the Executive Committee
S P C Mdletshe	Member of the Executive Committee
S Oudhram	Member of the Executive Committee
J L T Sibiya	Member of the Executive Committee
S S Gumede	Member of the Executive Committee
J M Banda	Member of the Executive Committee
M S Mhlongo	Member of the Executive Committee
D W Ndimande	Chief Whip
O L Nhaca	Chair: MPAC
B B Sing	Member
D Singh	Member
C N Xulu	Member
M E Zungu	Member
N P Dube	Member
N Sewraj	Member
E B Majola	Member
L R Makhathini	Member
T E Msweli	Member
A M Baardman	Member
T V Ntuli	Member
M S C M Motala	Member
G N Mbonambi	Member
N G Mthethwa	Member
R N Pakkies	Member
G J Van Whye	Member
N M Hlatshwayo	Member
V M W Mdluli	Member
A L Sahadaw	Member
J A Vallan	Member
W M Luthuli	Member
R Singh	Member
S Anamalay	Member
B Dlavana	Member
A Gopaul	Member
T K Gumede	Member
T N Khumalo	Member
E M Kolia	Member
S P Luthuli	Member
S L Magubane	Member
S M R Mfeka	Member
S D Mashiya	Member
G Z Mngomezulu	Member
C Ndlovu	Member
D M Ngcobo	Member
T Ntuli	Member
S A Ngwane	Member
I T Nxumalo	Member
J S Phahla	Member

KWADUKUZA MUNICIPALITY
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for the year ended 30 June 2015

General information (continued)

Municipal Manager

Mr N J Mdakane

Chief Financial Officer

Mr S M Rajcoomar

Grading of Local Authority

Category 4

Auditors

Auditor General South Africa (AGSA)

Bankers

First National Bank

Registered Office:

KwaDukuza Municipality

Physical address:

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KwaDukuza
4450

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**KWADUKUZA MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2015**

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KWADUKUZA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Note	2015 R	Restated 2014 R
ASSETS			
Non-current assets		1 659 080 839	1 469 188 650
Property, plant and equipment	10	1 561 235 451	1 374 603 441
Intangible assets	11	9 508 691	11 549 526
Investment properties	12	87 175 000	82 030 000
Heritage Assets	13	105 386	18 346
Long-term receivables	14	1 056 311	987 337
Current assets		668 110 105	653 709 037
Inventories	15	6 208 730	5 761 340
Receivables from exchange transactions	16	62 072 592	69 365 903
Receivables from non-exchange transactions	17	54 626 375	32 298 645
Value added taxation receivable	9	4 798 580	3 906 347
Current portion of long-term receivables	14	12 854	6 109
Cash and cash equivalents	18	540 390 976	542 370 693
Total Assets		2 327 190 944	2 122 897 687
LIABILITIES			
Non-current liabilities		298 856 921	232 154 644
Long-term liabilities	2	212 328 081	147 817 183
Non-current provisions	3	7 139 841	6 977 991
Employee benefits	4.2	66 818 000	65 031 000
Long service awards and retirement gifts	4.3	12 571 000	12 315 000
Non-current lease liability	40	-	13 470
Current liabilities		252 486 709	292 719 905
Deposits	5	26 160 144	24 237 783
Current Portion of Provisions	6	1 319 908	1 284 404
Trade and other payables	7	173 139 109	178 416 022
Unspent conditional grants and receipts	8	39 225 938	75 476 334
Current portion of long-term liabilities	2	12 628 140	13 099 635
Current portion of lease liability	40	13 470	205 728
Total Liabilities		551 343 631	524 874 550
Net Assets		1 775 847 314	1 598 023 138
NET ASSETS			
Housing operating account	1	8 728 156	8 728 156
Revaluation Reserve		9 813 137	9 813 137
Accumulated surplus		1,757,306,028	1,579,481,843
Total Net Assets		1 775 847 314	1 598 023 138

**KWADUKUZA MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 R	Restated 2014 R
REVENUE			
Revenue from non-exchange transactions			
Property rates	19	274 954 483	255 740 248
Property rates - penalties imposed and collection charges		8 829 843	9 666 071
Fines	28.2	21 075 352	25 973 087
Government grants and subsidies	21	193 738 328	141 651 286
Licences and permits		8 622 880	8 767 667
Public donations - Property, plant and equipment	10	15 195 302	5 024 977
Revenue from exchange transactions			
Service charges	20	621 653 078	574 684 790
Rental of facilities and equipment		1 065 346	1 065 285
Interest earned investments	18	30 490 667	21 700 289
Interest earned outstanding debtors		5 673 326	4 283 230
Other income	28.1	57 423 828	42 069 392
Gain on disposal of property, plant and equipment		53 500	84 105
Fair Value Adjustment of investment properties	12	5 145 000	10 445 000
Total Revenue		1 243 920 933	1 101 155 428
EXPENDITURE			
Employee related costs	22	250 569 106	227 441 281
Remuneration of councillors	23	17 612 038	16 607 754
Collection costs		4 165 459	4 727 168
Ammortisation	11	2 753 355	2 375 177
Depreciation	10	43 997 460	41 324 335
Repairs and maintenance	35	78 867 688	73 669 433
Finance costs	24	19 808 206	11 599 969
Bulk purchases	25	427 861 024	398 246 744
Employee and long services benefits	4.3	2 043 000	6 022 519
General expenses	26	168 364 159	159 694 909
Contracted services	27.1	25 744 920	26 559 763
Transfer made: MIG funding paid to Ilembe District Municipality	27.2	20 751 542	8 528 290
Adjustments to allowance for impairment	16	17 078 712	16 090 377
Adjustments to non-current provisions	3	197 354	(1 149 193)
Bad debts written off	16	6 696 576	6 603 633
Loss on disposal of assets		1 759 166	-
Impairment loss on assets	10	12 900 502	7 015 752
Less: Recharges		(35 073 518)	(36 357 784)
Total Expenditure		1 066 096 749	969 000 128
SURPLUS FOR THE YEAR		177 824 184	132 155 300

**KWADUKUZA MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2015**

	<u>Housing Operating Account</u> R	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u> R	<u>Total</u> R
Restated balance at 30 June 2012	8 728 156	-	961 938 948	970 667 105
2013				
Surplus for the year	-	-	157 480 961	157 480 961
Revaluation Reserve	-	9 813 137	-	9 813 137
Adjustment to Rates Revenue prior 2013/2014 due to Valuation appeals			(2 581 825)	(2 581 825)
Adjustment to Prior 2013/2014 Depreciation			(2 451 942)	(2 451 942)
Adjustment to Prior 2013/2014 VAT - VDP application (Capital)			(1 202 107)	(1 202 107)
Adjustment to Prior 2013/2014 VAT - VDP application (Interest & Penalties)			(414 366)	(414 366)
Adjustment to Prior 2013/2014 - Free Basic Services			103 179	103 179
Adjustment to Prior 2013/2014 - Other Income in respect of sundry deposits			(735)	(735)
Adjustments to Prior 2013/2014 Property Plant & Equipment			5 441 485	5 441 485
Adjustments to Employee Related Costs - Payment to Deceased Estates.			(6 400)	(6 400)
Adjustment to General Expenses prior 2010/2011 in respect of SALGA subscriptions.			(300)	(300)
Recognition of Land			132 162 000	132 162 000
Recognition of land related to RDP projects			205 638 000	205 638 000
Derecognition of Land as per Land Audit			(10 520 439)	(10 520 439)
Fair value adjustment of Investment Property			1 740 000	1 740 000
Restated Balance at 30 June 2013	8 728 156	9 813 137	1 447 326 459	1 465 867 752
2014				
Surplus for the year	-	-	132 155 300	132 155 300
Restated Balance at 30 June 2014	8 728 156	9 813 137	1 579 481 843	1 598 023 136
2015				
Surplus for the year	-	-	177 824 184	177 824 184
Revaluation Reserve	-	-	-	-
Balance at 30 June 2015	8 728 156	9 813 137	1 757 306 028	1 775 847 321
Note 36 provides further details of adjustments pertaining to the 2013/2014 financial year.				

KWADUKUZA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R	Restated 2014 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		1 155 298 030	1 097 270 534
Cash paid to suppliers and employees		1 003 328 305	916 645 576
Cash generated from operations	30	151 969 725	180 624 958
Interest received		30 490 667	21 700 289
Finance costs	24	(19 808 206)	(11 599 969)
NET CASH FLOWS FROM OPERATING ACTIVITIES		162 652 187	190 725 277
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(230 080 632)	(246 287 036)
Purchase of Heritage Asset		(87 040)	-
Purchase of intangible assets		(198 048)	(335 666)
Decrease/(Increase) in non-current receivables		(75 718)	12 919
Proceeds on sale of Investment properties		-	-
Proceeds on Sale of Property, Plant & Equipment		53 500	84 105
NET CASH FLOWS FROM INVESTING ACTIVITIES		(230 387 938)	(246 525 677)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		80 876 185	81 283 287
Loans repaid		(16 836 782)	(13 149 906)
Lease repayments		(205 728)	(396 833)
Increase in consumer deposits		1 922 361	1 487 336
NET CASH FLOWS FROM FINANCING ACTIVITIES		65 756 036	69 223 883
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1 979 715)	13 423 483
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		542 370 691	528 947 208
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	540 390 976	542 370 691

KWADUKUZA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2015

Description	2014/15									
R (000) thousands	Original Budget	Budget Adjustments	Final Budget	Actual outcome	Variance (1) between Original and Final Budget	% variance between Original and Final Budget	Note on variances (1)	Variance (2) between Final Budget and Actual outcome	% variance between Budget & Actual outcome	Note on variances (2)
Financial Performance										
Property rates (Including Penalties and Collection Charges)	299,841	101	299,942	283,784	101	0%		16,157	5%	
Services charges	640,086	(9,944)	630,142	621,653	(9,944)	-2%		8,489	1%	
Investment revenue	13,643	11,307	24,950	30,491	11,307	83%	38.1	(5,541)	-22%	38.8
Transfers recognised - operational	119,096	20,575	139,671	119,744	20,575	17%	38.2	19,927	14%	38.9
Other own revenue	66,897	14,146	81,043	114,255	14,146	21%	38.3	(33,212)	-41%	38.10
Total Revenue (excluding capital transfers and contributions)	1,139,563	36,184	1,175,747	1,169,926	36,184			5,821		
Employee Related Costs	283,977	(11,208)	272,770	250,569	(11,208)	-4%		22,200	8%	38.11
Remuneration of Councillors	18,510	(400)	18,110	17,612	(400)	-2%		498	3%	
Allowance for impairment	11,086	(6,089)	4,997	3,803	(6,089)	-55%	38.4	1,194	24%	38.12
Depreciation and asset impairment	69,900	(8,602)	61,298	59,651	(8,602)	-12%	38.5	1,647	3%	
Finance charges	20,016	576	20,592	19,808	576	3%		784	4%	
Bulk Purchases	431,483	6,683	438,166	427,861	6,683	2%		10,305	2%	
Other Expenditure	304,575	55,215	359,789	286,792	55,215	18%	38.6	72,997	20%	38.13
Total Expenditure	1,139,547	36,175	1,175,722	1,066,097	36,175			109,625		
Surplus	16	9	25	103,829	9			103,804		
Transfers recognised - capital	41,490	48,091	89,581	73,995	48,091	116%	38.7	15,586	17%	38.14
Contributions recognised - capital and contributed assets	-	-	-	-	-			-		
Surplus after capital transfers & contributions	41,506	48,100	89,606	177,824	48,100			(88,218)		
Share of surplus of associate										
Capital Expenditure & funds sources										
Capital Expenditure										
Transfers recognised - capital	41,490	48,091	89,581	73,995	48,091			15,586		
Public Contributions and Donations	-	-	-	-	-			-		
Borrowing	122,515	(27,754)	94,762	80,876	(27,754)			13,886		
Internally generated funds	275,271	(51,365)	223,907	75,210	(51,365)			148,697		
Total Sources of capital funds	439,277	(31,027)	408,250	230,081	(31,027)			178,169		
Cash Flows										
Net cash from (used) operating	90,602	(69,855)	20,747	162,652	(69,855)			(141,905)		
Net cash from (used) investing	(439,577)	157,959	(281,618)	(230,388)	157,959			(51,230)		
Net cash from (used) financing	103,309	(24,701)	78,609	65,756	(24,701)			12,853		
Cash/cash equivalents at the year end	224,427	63,403	360,109	540,391	135,682			(180,282)		

**KWADUKUZA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015 R	2014 R
1. HOUSING OPERATING ACCOUNT		
Housing Operating Account	8 728 156	8 728 156
The Housing Operating Account is represented by the following assets and liabilities:		
Fixed Assets	2 833 348	3 335 927
Housing Inventory	323 637	334 132
Debtors	166 102	1 148 191
Debtors: Department of Housing	251 934	251 934
Accumulations	5 262 117	3 744 237
Prepaid debtors	(108 982)	(86 265)
Total Housing Operating Account Assets and Liabilities	8 728 156	8 728 156
2. LONG-TERM LIABILITIES		
Non Annuity Loans	222 127 079	157 089 025
Annuity Loans	2 829 142	3 827 794
Sub-total	224 956 221	160 916 818
Less: Current portion transferred to current liabilities	12 628 140	13 099 635
Non Annuity Loans	11 552 026	12 100 984
Annuity Loans	1 076 115	998 651
Total External Loans	212 328 081	147 817 183

Refer to Appendix A for more detail on long-term liabilities.

Non Annuity Loans - Bank Loans

Bear interest at 8.23% to 9,73% and is redeemed in bi-annual installments, including interest, over varying periods until 2032.

Annuity loans

Bear interest at rates between 12% and 16.5% per annum, are being redeemed in quarterly installments, including interest, over varying periods until 2017.

All loans are unsecured

**KWADUKUZA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015 R	2014 R
3. NON-CURRENT PROVISIONS		
Provision for the rehabilitation of the landfill site	8 459 748	8 262 395
Sub-total	8 459 749	8 262 395
Less: Current portion transferred to current liabilities (refer to Note 6)	1 319 908	1 284 404
Provision for the rehabilitation of the landfill site	1 319 908	1 284 404
Total Non-Current Provisions	7 139 841	6 977 991
<u>Landfill site rehabilitation</u>		
Balance at beginning of year	8 262 395	9 411 587
Contributions / (Reduction) to provision	197 354	(1 149 193)
Balance at end of year	8 459 749	8 262 395

The provision created for the rehabilitation of the landfill site is based on a professional study conducted by Ecological and Environmental Services of the rehabilitation costs of the Shakaville dumpsite.

The provision is calculated in line with the medium term revenue and expenditure framework of the Council. Council intends commencing spending against this provision in accordance with the 2015/2016 operating budget over a period of two (2) years.

The provision reflects a total of R8 890 414 expenditure discounted net of a rate of 9,25% pa (Prime interest rate) (2014:- 9%)

4. EMPLOYEE BENEFITS

4.1 Pension benefits

The Municipality's personnel are members of one of the Natal Joint Municipal Pension retirement funds, namely the Superannuation, Retirement and Provident Funds. As the aforementioned funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific municipality and is of no relevance to users of the municipality's financial statements.

**2015
R**

**2014
R**

Superannuation

The interim valuation carried out on the Superannuation Fund as at 31 March 2014 reflected:

The valuation reveals that the total fund is 100% funded on the "best estimate" basis as at the valuation date, but that it is not fully funded on the "financial soundness" basis incorporating a Solvency Reserve. In terms of the scheme, the surcharge of 9.5% of pensionable salaries continue to be paid to build up the Solvency Reserve to the recommended level. This Reserve is to protect the fund against adverse experience on the active member liabilities and assets. The valuator is satisfied that the asset composition on the valuation date is appropriate to the nature of the liabilities and that the investment strategy of the Fund is suitable for the fund. In his view the Fund is in a sound financial position as at the valuation date.

Provident Fund

The interim valuation carried out on the Provident Fund as at 31 March 2014 reflected:

The actuarial valuation of the fund was taken as R2 152b at the valuation date.

Total liabilities, Reserves and Accounts of the fund as at valuation date was R2 055b.

The assets exceeded the liabilities and reserves. The fund is in a sound position as at the valuation date.

Retirement Fund

The latest statutory valuation of the Retirement Fund (defined benefit) as at 31 March 2014 reflected:

The fund is 96.2% funded as at the valuation date. The pensioner liabilities are fully funded and the liabilities in respect of active members are 91.7 % funded. The financial position has thus improved since the previous valuation. The fund self insures its risk benefits. The view of the consultant is that the Fund is not in a sound position as at the valuation date but the surcharge being paid is expected to restore the Fund to a sound financial condition within the period permitted by the FSB.

4.2 Post-employment medical benefits

The municipality operates on 5 accredited medical aid schemes, namely Bonitas, KeyHealth, LA Health, Samumed and HosMed.

Pensioners continue on the option they belonged to on the day of their retirement. The independent valuers, ZAQ Consultants & Actuaries, carry out a statutory valuation on an annual basis.

KWADUKUZA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
The principal actuarial assumptions used were as follows:		
Discount rate per annum	8.94%	8.94%
Health care cost inflation rate	8.05%	8.05%
Net effective discount rate	0.82%	0.82%
Benchmark inflation (equal to salary inflation)	0%	0%
Average retirement age	63	63
Proportion continuing membership at retirement	90%	90%
Proportion of retiring members who are married	90%	90%
Mortality during employment	SA 85-90	SA 85-90
Mortality post-retirement	PA90-1 ultimate	PA90-1 ultimate
(No explicit assumption was made about additional mortality or health care costs due to AIDS).		
Percentage of in-service members withdrawing before retirement:	Males Females	Males Females
Age 20 - 24	16% 24%	16% 24%
Age 25 - 29	12% 18%	12% 18%
Age 30 - 34	10% 15%	10% 15%
Age 35 - 39	8% 10%	8% 10%
Age 40 - 44	6% 6%	6% 6%
Age 45 - 49	4% 4%	4% 4%
Age 50 - 54	2% 2%	2% 2%
Age 55 - 59	0% 0%	0% 0%
Age 60+	0% 0%	0% 0%
The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:	66 818 000	65 031 000
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	65 031 000	59 972 510
Current service cost	2 988 000	2 373 610
Interest cost	5 862 000	5 188 800
Benefit payments	(2 077 000)	(1 718 615)
Actuarial (gains)/losses	(4 986 000)	(785 305)
Balance at end of year	66,818,000	65,031,000
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	2 988 000	2 373 610
Interest cost	5 862 000	5 188 800
Benefit payments	(2 077 000)	(1 718 615)
Actuarial (gains)/losses	(4 986 000)	(785 305)
TOTAL	1 787 000	5 058 490

2015
R

2014
R

SENSITIVITY ANALYSIS

The results presented are based on a number of assumptions. The extent to which the actual liability faced in the future by the Municipality differs from these results, will depend on the extent to which actual experience differs from the assumptions made.

The assumption which tends to have the greatest impact on the results is the level of mortality and medical aid inflation.

SENSITIVITY RESULTS

Mortality Rate:

The liability at the Valuation date was recalculated to show the effect of:
(1) A 20% increase and decrease in the assumed level of mortality

Table 1 summarises the results of the sensitivity analysis

	-20% Mortality rate	Valuation Assumption	+20% Mortality rate
Total Accrued Liability	R 71 370 000	R 66 818 000	R 62 911 000
Interest Cost	R 6 563 000	R 6 137 000	R 5 772 000
Service Cost	R 2 704 000	R 2 513 000	R 2 345 000

Note: Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa.

Medical Aid Inflation:

The liability at the Valuation date was recalculated to show the effect of:
(1) A 1% increase and decrease in the medical aid inflation.

Table 2 summarises the results of the sensitivity analysis

	-1% Medical aid inflation	Valuation Assumption	+1% Medical aid inflation
Total Accrued Liability	R 63 721 000	R 66 818 000	R 69 148 000
Interest Cost	R 5 849 000	R 6 137 000	R 6 354 000
Service Cost	R 2 397 000	R 2 513 000	R 2 588 000

Note: The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

2015
R

2014
R

HISTORY OF LIABILITIES, ASSETS AND EXPERIENCE ADJUSTMENTS

The table summarises the accrued liabilities and the plan assets for the current period and the previous periods.

History of liabilities and assets (R millions)

Liability History	30/06/2010	30/06/2011	30/06/2012	30/06/2013	30/06/2014	30/06/2015
Present value of accrued liability	32.266	42.766	55.990	59.973	65.031	66.818
Fair value of plan assets	0.000	0.000	0.000	0.000	0.000	0.000
Surplus/ (Deficit)	(32.266)	(42.766)	(55.990)	(59.973)	(65.031)	(66.818)

4.3 Long service awards and retirement gifts

The independent valuers, ZAQ Consultants & Actuaries, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	7.96%	7.96%
General Salary Inflation (long term)	7.33%	7.33%
Retirement Gift Inflation (long term)	7.82%	7.82%
Net effective discount rate	0.59%	0.59%

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	2015 R	2014 R
Examples of mortality rates used were as follows:		
Average retirement age	63 years	63 years
Mortality during employment	SA85-90	SA85-90
<i>Members withdrawn from service:</i>	Males Females	Males Females
Age 20 - 24	16% 24%	16% 24%
Age 25 - 29	12% 18%	12% 18%
Age 30 - 34	10% 15%	10% 15%
Age 35 - 39	8% 10%	8% 10%
Age 40 - 44	6% 6%	6% 6%
Age 45 - 49	4% 4%	4% 4%
Age 50 - 54	2% 2%	2% 2%
Age 55 - 59	1% 1%	0% 0%
Age 60+	0% 0%	0% 0%
The amounts recognised in the Statement of Financial Position were determined as follows:		
Present value of funded obligations		
Fair value of plan assets		
Liability in the Statement of Financial Position	12 571 000	12 315 000
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	12 315 000	11 350 971
Current service cost	1 241 000	1 386 427
Interest cost	993 000	712 985
Actuarial (Gain)/losses	(657 000)	(176 959)
Benefit payments	(1 321 000)	(958 424)
Balance at end of year	12 571 000	12 315 000
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	1 241 000	1 386 427
Interest cost	993 000	712 985
Actuarial (Gain)/losses	(657 000)	(958 424)
Benefit payments	(1 321 000)	(176 959)
TOTAL	256 000	964 029
In conclusion:		
Statement of Financial Position obligation for:		
Post-employment medical benefits	66 818 000	65 031 000
Long Service Award	12 571 000	12 315 000
	79 389 000	77 346 000
Statement of Financial Performance obligation for:		
Post-employment medical benefits	1 787 000	5 058 490
Long Service Award loss	256 000	964 029
	2 043 000	6 022 519

2015
R

2014
R

SENSITIVITY ANALYSIS

The results presented are based on a number of assumptions. The extent to which the actual liability faced in the future by the Municipality differs from these results, will depend on the extent to which actual experience differs from the assumptions made.

The assumption which tends to have the greatest impact on the results are withdrawal rate and normal salary inflation

SENSITIVITY RESULTS

Withdrawal Rate:

The liability at the Valuation date was recalculated to show the effect of:
(i) A 20% increase and decrease in the assumed level of withdrawal rate;

Tables 1 summarises the results of the sensitivity analysis.

	-20% Withdrawal rate	Valuation Assumption	+20% Withdrawal rate
Total Accrued Liability	R 13 407 000	R 12 571 000	R 11 835 000
Current Service Cost	R 1 435 000	R 1 285 000	R 1 160 000
Interest Cost	R 1 263 000	R 1 180 000	R 1 107 000

Note: Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rates of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

Normal Salary Inflation:

The liability at the Valuation date was recalculated to show the effect of:
(i) A 1% increase and decrease in the normal salary cost inflation

Tables 2 summarises the results of the sensitivity analysis.

	-1% Normal salary inflation	Valuation Assumption	+1% Normal salary inflation
Total Accrued Liability	R 11 694 000	R 12 571 000	R 13 548 000
Current Service Cost	R 1 169 000	R 1 285 000	R 1 418 000
Interest Cost	R 1 094 000	R 1 180 000	R 1 275 000

2015
R

2014
R

**HISTORY OF LIABILITIES, ASSETS AND EXPERIENCE
ADJUSTMENTS**

The table summarises the accrued liabilities and the plan assets for the current period and the previous periods.

History of liabilities and assets (R millions)

	30/06/2010	30/06/2011	30/06/2012	30/06/2013	30/06/2014	30/06/2015
Present value of accrued liability	6,267,597	7,821,611	9,623,976	11,350,971	12,315,000	12,571,000
Fair value of plan assets	0	0	0	0	0	0
Surplus/ (Deficit)	(6,267,597)	(7,821,611)	(9,623,976)	(11,350,971)	(12,315,000)	(12,571,000)

5. DEPOSITS

Electricity	26 160 144	24 237 783
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6 CURRENT PROVISIONS

CURRENT PORTION OF PROVISIONS

Rehabilitation of the landfill site - current portion	1 319 908	1 284 404
	1 319 908	1 284 404

7 TRADE & OTHER PAYABLES

Trade creditors	88 193 014	87 280 665
Payments received in advance	22 185 269	13 388 686
Deposits - other	3 774 929	2 394 752
Staff leave	11 429 933	10 006 021
Cheques payments not yet presented to bank	10 728 190	20 722 584
Retentions	17 686 132	14 849 972
Housing Agency Creditor - Department of Human Settlements	13 088 073	24 078 304
Other creditors	6 053 568	5 695 038
Total Creditors	173 139 109	178 416 022

Payments in advance includes prepaid electricity accruals.

	2015 R	2014 R
8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
Municipal Infrastructure Grant	4 027 780	29 220 831
Municipal Systems Improvement Grant	-	58 152
New Library	101 782	106 348
Property Rates Implementation	-	31 985
Department of Sports and Recreation	182 596	198 070
Municipal Assistance Programme	822 903	822 903
iLembe: Shared Services	333 856	810 664
Neighbourhood Development Partnership	10 711 391	15 305 708
Thusong Centre	-	9 691
Multi Purpose Centre - MPCC	-	69 414
Ethembeni / Charlotdale Precent	117 614	263 242
Expanded Public Works Programme	-	129 454
Corridor Development	3 626 351	5 563 115
Department of Minerals and Energy (DME) (INEP)	-	186 728
Museum	378 973	378 973
Housing Accreditation	15 922 692	11 124 706
Disaster Rough Seas	-	3 196 350
Demand Side Management Grant	-	8 000 000
Small Town Rehabilitation	3 000 000	-
Total Conditional Grants and Receipts	39 225 938	75 476 334
See note 21 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilized.		
9 VALUE ADDED TAXATION RECEIVABLE	4 798 580	3 906 347
VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.		

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

30 June 2015

Reconciliation of Carrying Value	Buildings	Solid Waste	Vehicles	Infrastructure Roads	Infrastructure Stormwater	Infrastructure Electrical	Furniture and Fittings	Cemetries	Developed Land	Undeveloped Land	Housing	Leased assets	Under Construction	Total
	R	R	R	R	R	R	R				R	R	R	R
Carrying Values at 30 June 2014	81,861,031	2,336,667	23,349,337	211,273,710	96,855,822	313,933,271	17,155,184	4,419,020	161,301,174	274,974,750	3,335,927	256,221	183,551,326	1,374,603,441
Cost	110,575,016	2,849,150	51,828,374	342,152,284	133,378,418	488,396,673	38,353,330	5,710,047	161,301,174	274,974,750	8,247,118	1,685,739	183,551,326	1,803,003,399
Accumulated depreciation and impairment	(28,713,985)	(512,483)	(28,479,036)	(130,878,574)	(36,522,597)	(174,463,402)	(21,198,146)	(1,291,027)	-	-	(4,911,191)	(1,429,519)	-	(428,399,959)
Additions														
Acquisitions	3,018,277	1,342,210	1,823,720	1,112,479	1,845,950	3,711,809	4,228,701	-	-	-	-	-	212,997,486	230,080,632
Donations	-	-	-	957,113		13,097,721	1,140,468						-	15,195,302
Revaluation of PPE before transfer									-				-	-
Capital under construction brought into use	15,623,387			78,957,008	18,800,600	70,064,393							(183,445,388)	-
Assets written off	-	-	(421,252)	-	-	(665,269)	(20,022)	-	(535,000)	-	-	-	-	(1,641,543)
Cost	(172)		(769,796)			(1,235,468)	(56,510)		(535,000)					(2,596,946)
Accumulated Depreciation	172		348,544			570,199	36,488							955,403
Impairment	(1,386,898)		(42,420)	(10,364,625)	-	(877,097)	(78,776)				(150,685)			(12,900,502)
Depreciation	(6,300,270)	(209,816)	(3,038,087)	(11,341,068)	(3,453,539)	(13,392,126)	(5,558,050)	(267,301)			(351,894)	(85,309)		(43,997,460)
Disposal of unverified assets							(104,520)							(104,520)
Cost	-	-	-	-	-	-	(980,681)	-	-	-	-	-	-	(980,681)
Accumulated depreciation	-	-	-	-	-	-	876,161	-	-	-	-	-	-	876,161
Carrying Values at 30 June 2015	92,815,527	3,469,061	21,671,298	270,595,450	114,048,098	385,872,701	16,762,985	4,151,719	160,766,174	274,974,750	2,833,348	170,912	213,103,425	1,561,235,451
Cost	129,216,509	4,191,360	52,882,298	423,178,918	154,024,968	574,035,127	42,685,308	5,710,047	160,766,174	274,974,750	8,247,118	1,685,739	213,103,425	2,044,701,740
Accumulated depreciation and impairment	(36,400,981)	(722,299)	(31,210,999)	(152,583,468)	(39,976,869)	(188,162,426)	(25,922,323)	(1,558,328)	-	-	(5,413,770)	(1,514,827)	-	(483,466,291)

Excluded from the above note are assets with a book value of R104 483.86 that were not verified as part of the Annual Physical Verification of movable assets undertaken by the municipality. These assets have been reported to Council and is currently under investigation.

Capital Projects - Cancelled and Delays in Construction:

Name of the Project	Expenditure incurred	Reason for delay
Dendetu Bus Route	418,604	Contract with Contractor has been terminated. New Contractor to be appointed.

Assets Under Construction is made up as follows:

Buildings	18,771,937
Electricity	67,802,708
Roads & Stormwater	122,781,029
Cemeteries	2,466,451
Intangible Assets	1,281,300
	<u>213,103,425</u>

Restated 30 June 2014

Reconciliation of Carrying Value	Buildings	Solid Waste	Vehicles	Infrastructure Roads	Infrastructure Stormwater	Infrastructure Electrical	Furniture and Fittings	Cemetries	Developed Land	Undeveloped Land	Housing	Leased assets	Under Construction	Total
	R	R	R	R	R	R	R				R	R	R	R
Carrying Values at 30 June 2013	74,503,713	2,493,589	17,585,226	170,570,423	90,495,374	257,727,870	18,306,461	4,294,021	170,339,449	282,123,700	3,374,706	721,803	88,503,906	1,181,040,242
Cost	97,977,100	2,849,257	43,365,826	291,542,451	121,504,449	415,764,938	33,755,849	5,331,572	170,339,449	282,123,700	8,052,000	1,710,332	88,503,906	1,562,820,829
Accumulated depreciation and impairment	(23,473,386)	(355,668)	(25,780,600)	(120,972,028)	(31,009,075)	(158,037,068)	(15,449,389)	(1,037,551)	-	-	(4,677,294)	(988,529)	-	(381,780,587)
Additions														-
Acquisitions	6,166,031		8,628,352	16,005,354		24,684,470	5,745,886	378,475	(9,038,275)	-	195,118	(13,100)	193,534,724	246,287,036
Capital under construction brought into use	5,943,287			34,284,372	11,875,812	44,700,437			-				(96,803,908)	-
Donations	488,599			560,099		3,750,632	225,646							5,024,977
Reclassification of AUC to expenditure													(1,683,396)	(1,683,396)
Assets written off	-	(85)	(43,929)	(23,283)	(1,833)	(230,840)	(275,572)	-	-	(7,148,950)	-	(837)	-	(7,725,329)
Cost	-	(107)	(165,805)	(239,993)	(1,842)	(503,804)	(1,374,052)	-	-	(7,148,950)	-	(11,492)	-	(9,446,045)
Accumulated Depreciation	-	22	121,876	216,709	9	272,964	1,098,480	-	-	-	-	10,656	-	1,720,716
Impairment			(26,903)	(587,620)	(2,183,367)	(4,095,262)	(122,599)							-
Depreciation	(5,240,599)	(156,837)	(2,793,409)	(9,535,635)	(3,330,164)	(12,604,035)	(6,724,638)	(253,476)			(233,897)	(451,645)		(7,015,752)
Property transferred to IP										-				-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying Values at 30 June 2014	81,861,031	2,336,667	23,349,337	211,273,710	96,855,822	313,933,271	17,155,184	4,419,020	161,301,174	274,974,750	3,335,927	256,221	183,551,326	1,374,603,441
Cost	110,575,016	2,849,150	51,828,374	342,152,284	133,378,418	488,396,673	38,353,330	5,710,047	161,301,174	274,974,750	8,247,118	1,685,739	183,551,326	1,803,003,399
Accumulated depreciation and impairment	(28,713,985)	(512,483)	(28,479,036)	(130,878,574)	(36,522,597)	(174,463,402)	(21,198,146)	(1,291,027)	-	-	(4,911,191)	(1,429,519)	-	(428,399,959)

11. INTANGIBLE ASSETS

30 June 2015

	Total
Carrying values as at 1 July 2014	11 549 526
Cost	19 444 654
Accumulated Amortisation	(7 895 128)
Write-off of intangible assets	(2 609)
Cost	(1 165 175)
Accumulated Amortisation	1 162 567
Additions	198 048
Intangible Assets not previously recognised	517 081
Amortisation	(2 753 355)
Carrying value closing balance as at 30 June 2015	9 508 691
Cost	18 994 608
Accumulated Amortisation	(9 485 916)

Intangible Assets are made up as follows:

Intangible Assets / Software R707 204
Right to use / Eskom (Driefontein) R8 801 485

30 June 2014

	Total
Carrying values as at 1 July 2013	13 352 682
Cost	18 912 749
Accumulated Amortisation	(5 560 067)
Write-off of intangible assets	(254)
Cost	(40 369)
Accumulated Amortisation	40 116
Additions	335 666
Intangible assets not previously recognized	236 608
Refund on previously capitalised amounts	-
Amortisation	(2 375 177)
Carrying value closing balance as at 30 June 2014	11 549 526
Cost	19 444 654
Accumulated Amortisation	(7 895 128)

Intangible Assets are made up as follows:

Intangible Assets / Software R638 243
Right to use / Eskom (Driefontein) R10 911 283

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	2015 R	2014 R
12. INVESTMENT PROPERTIES		
Carrying Value Opening Balance	82 030 000	69 785 000
Loss on valuation	-	-
Gain on valuation	5 145 000	10 445 000
Transfer from Property, Plant and Equipment to Investment Property - 29 June 2014	-	1 800 000
Carrying Values Closing Balance	87 175 000	82 030 000
The fair value of these properties as valued by Council's valuer at 30 June 2015 amounts to	87 175 000	82 030 000
Rental income derived from these properties amount to	615 746	590 874
No amounts were expensed towards repairs and maintenance costs for investment properties.		
Details of investment properties are included in a register which is available for inspection at the municipal offices.		
13. HERITAGE ASSETS		
Carrying values as at 1 July 2014		
At Cost	18 346	18 346
Additions	87 040	-
Carrying value closing balance as at 30 June 2015		
At Cost	105 386	18 346
14. LONG-TERM RECEIVABLES		
Housing selling scheme loans	9 388 446	10 343 818
	9 388 446	10 343 818
Less: Allowance for impairment and future housing discounts	(8 319 282)	(9 350 372)
Allowance for impairment and future housing discounts	(8 319 282)	(9 350 372)
	1 069 164	993 446
Less: Current portion transferred to current receivables	(12 854)	(6 109)
Current portion	(12 854)	(6 109)
Total Receivables	1 056 311	987 337
Written - off during the year	1 532 527	717 669

HOUSING SELLING SCHEME LOANS

Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Housing's programme. The loans are repayable over terms ranging from 5 to 30 years at interest rates varying between 11.25% and 13.5%

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	2015 R	2014 R
15. INVENTORIES		
Consumable stores	845 874	65 140
Mechanical spares	32 792	40 454
Electrical maintenance spares	4 825 417	5 070 259
Fuel	181 009	251 355
Housing inventory	323 637	334 132
Total Inventories	6 208 730	5 761 340

Periodically, physical stock counts are carried out.

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	56 893 553	67 557 586
Estate	68 318	64 155
Refuse	9 870 746	7 817 772
VAT on Consumer debtors	12 677 368	12 008 383
Legal Fees	2 478 602	4 099 268
Encroachment and plot clearing	11 321	14 990
Sundry Adjustments	878 919	80 823
Interest	5 580 748	4 383 510
Add back credits included above	809 768	536 166
Total service debtors	89 269 342	96 562 653
Less: Allowance for impairment	(27 196 751)	(27 196 751)
Total	62 072 592	69 365 903

Electricity: Ageing

Current (0 – 30 days)	38 076 218	50 720 526
31 - 60 Days	3 148 988	2 579 958
61 - 90 Days	3 017 090	1 495 749
91 - 120 Days	1 062 807	965 403
Greater than 120 days	11 588 449	11 795 950
Total	56 893 553	67 557 586

Estate: Ageing

Current (0 – 30 days)	2 115	2 102
31 - 60 Days	2 073	1 867
61 - 90 Days	1 880	1 746
91 - 120 Days	1 475	1 746
Greater than 120 days	60 775	56 694
Total	68 318	64 155

Refuse: Ageing

Current (0 – 30 days)	3 206 118	1 507 857
31 - 60 Days	550 969	494 812
61 - 90 Days	409 727	390 619
91 - 120 Days	337 689	318 765
Greater than 120 days	5 366 244	5 105 719
Total	9 870 746	7 817 772

	2015 R	2014 R
16. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)		
<u>VAT on Consumer Debtors: Ageing</u>		
Current (0 – 30 days)	9 011 760	8 619 112
31 - 60 Days	526 511	431 501
61 - 90 Days	474 179	274 188
91 - 120 Days	194 080	179 920
Greater than 120 days	2 470 838	2 503 661
Total	12 677 368	12 008 383
<u>Legal Fees: Ageing</u>		
Current (0 – 30 days)	266 179	691 311
31 - 60 Days	95 674	36 006
61 - 90 Days	133 752	108 442
91 - 120 Days	61 413	193 332
Greater than 120 days	1 921 584	3 070 177
Total	2 478 602	4 099 268
<u>Encroachment and plot clearing: Ageing</u>		
Current (0 – 30 days)	117	-
31 - 60 Days	117	-
61 - 90 Days	-	1 630
91 - 120 Days	-	-
Greater than 120 days	11 088	13 360
Total	11 321	14 990
<u>Sundry Adjustments: Ageing</u>		
Current (0 – 30 days)	1 285 717	95 215
31 - 60 Days	(3 926)	(3 327)
61 - 90 Days	(11 214)	(2 424)
91 - 120 Days	(5 196)	(5 902)
Greater than 120 days	(386 462)	(2 739)
Total	878 919	80 823
<u>Interest: Ageing</u>		
Current (0 – 30 days)	389 700	367 032
31 - 60 Days	315 877	265 336
61 - 90 Days	266 870	248 379
91 - 120 Days	243 223	217 582
Greater than 120 days	4 365 078	3 285 182
Total	5 580 748	4 383 510
<u>Add back credits included above: Ageing</u>		
Current (0 – 30 days)	6 773 302	5 472 324
31 - 60 Days	(1 153 675)	(884 570)
61 - 90 Days	(590 732)	(922 398)
91 - 120 Days	(643 165)	(404 631)
Greater than 120 days	(3 575 963)	(2 724 558)
Total	809 768	536 166

	2015 R	2014 R
16. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)		
<u>Reconciliation of the Allowance for Impairment</u>		
Balance at beginning of the year	119 557 419	103 467 042
Receivables from exchange transactions	27 196 751	27 196 751
Long term receivables	9 350 372	10 079 396
Receivables from non-exchange transactions	83 010 296	66 190 895
(Release from) / Contribution to provision	15 251 000	16 090 377
Receivables from exchange transactions	-	-
Long term receivables	(1 031 091)	(639 127)
Receivables from non-exchange transactions	16 181 353	16 729 504
	15 150 262	16 090 377
Vat on trade receivables from exchange transactions	-	-
Vat on trade receivables from non-exchange transactions	100 738	-
Receivables from exchange transactions	27 196 751	27 196 751
Long term receivables	8 319 282	9 350 372
Receivables from non-exchange transactions	99 587 571	83 010 296
Balance at end of year	135 103 603	119 557 419
Bad debts written off - Exchange Transactions	282 360	4 003 163
Bad debts written off - Non - Exchange Transactions	6 414 216	78 206
Bad debts written off - Long Term Receivables	-	717 669
Bad debts written off - Other Debtors	-	1 804 595
Total Bad debts written off	6 696 576	6 603 633
17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	76 224 823	70 937 327
Other debtors	75 583 488	41 892 893
Department of Housing - RDP projects	251 934	251 934
Operating leases	2 153 700	2 160 503
Ilembe debtors	-	66 284
	154 213 946	115 308 941
less: Allowance for impairment	(99 587 571)	(83 010 296)
Total Other Debtors	54 626 375	32 298 645
<u>Rates: Ageing</u>		
Current (0 – 30 days)	16 924 847	12 298 967
31 - 60 Days	3 712 341	5 021 086
61 - 90 Days	3 269 009	3 515 759
91 - 120 Days	2 761 874	2 906 066
Greater than 120 days	49 556 753	47 195 449
Total	76 224 823	70 937 327
<u>Other Debtors:</u>		
Included in Other Debtors are:		
Debtors in respect of Legal Fees outstanding	-	241 551
Debtors: Demand Based Component	569 976	-
Amounts to be claimed from Dept. Of Health - Clinic Expenses	999 655	1 000 655
BPB Sindi Construction & Khayelihle Projects - fruitless & wasteful expenditure	2 003 234	2 003 234
Contour Prepaid Vending Debtor	8 743 189	1 787 168
Traffic Fines Debtor raised in terms of iGRAP1	40 874 915	22 653 670
Licences & testing fees accrued	172 505	121 638
Ilembe water deposits	6 720	6 720
Sundry Debtors - R&G	13 684 744	11 689 538
Prepaid expenditure	7 192 887	2 388 720
Salaries Debtors	139 600	-
Department of Human Settlements - Bridge Funding	1 196 063	-
	75 583 488	41 892 893

BPB Sindi Construction & Khayelihee Projects - This Fruitless & Wasteful expenditure is disclosed as part of Receivables from Non-Exchange transactions and has been fully impaired subject to the outcomes of Section 32 of the MFMA.

	2015 R	2014 R
18. CASH AND CASH EQUIVALENTS		
<u>ACCOUNT DESCRIPTION - Investments (MFMA requirement)</u>		
Investments Bank Account		
<i>First National Bank Account - Stanger Branch</i>		
<i>Account Number 62099517743: Money Market Account</i>		
Bank statement and cash book balance at the beginning of the year	14 398 668	25 296 787
Bank statement and cash book balance at the end of the year	32 056 975	14 398 668
Investments Bank Account		
<i>Standard Bank Account - Stanger Branch</i>		
<i>Account Number 05 8756442-044: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	19 555 042	18 648 561
Bank statement and cash book balance at the end of the year	-	19 555 042
Investments Bank Account		
<i>Nedbank Bank Account - Stanger Branch</i>		
<i>Account Number 03 7881022337-155: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	14 316 551	13 807 357
Bank statement and cash book balance at the end of the year	15 504 340	14 316 551
Investments Bank Account		
<i>Standard Bank Account - Stanger Branch</i>		
<i>Account Number 058756442-068: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	10 017 472	9 553 108
Bank statement and cash book balance at the end of the year	10 676 284	10 017 472
Investments Bank Account		
<i>Nedbank Bank Account - Stanger Branch</i>		
<i>Account Number 03 7881022337-151: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	6 717 585	6 502 210
Bank statement and cash book balance at the end of the year	-	6 717 585
Investments Bank Account		
<i>ABSA Bank Account - Stanger Branch</i>		
<i>Account Number 2068872069: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	6 826 799	6 558 789
Bank statement and cash book balance at the end of the year	7 385 754	6 826 799
Investments Bank Account		
<i>ABSA Bank Account - Stanger Branch</i>		
<i>Account Number 2068912186: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	6 803 380	6 536 290
Bank statement and cash book balance at the end of the year	7 360 418	6 803 380
Investments Bank Account		
<i>Nedbank Bank Account - Stanger Branch</i>		
<i>Account Number 03 7881022337-152: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	6 738 788	6 522 734
Bank statement and cash book balance at the end of the year	-	6 738 788

	2015 R	2014 R
18. CASH AND CASH EQUIVALENTS (continued)		
Investments Bank Account <i>Nedbank Bank Account - Stanger Branch</i> <i>Account Number 3133717-9975: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	6 225 823	5 944 124
Bank statement and cash book balance at the end of the year	6 591 731	6 225 823
Investments Bank Account <i>ABSA Bank Account - Durban Branch</i> <i>Account Number 2070596495</i>		
Bank statement and cash book balance at the beginning of the year	12 215 800	11 736 227
Bank statement and cash book balance at the end of the year	13 215 990	12 215 800
Investments Bank Account <i>Nedbank Bank Account - Stanger Branch</i> <i>Account Number 313 371 739 9972</i>		
Bank statement and cash book balance at the beginning of the year	12 698 996	12 083 232
Bank statement and cash book balance at the end of the year	-	12 698 996
Investments Bank Account <i>ABSA Bank Account - Stanger Branch</i> <i>Account Number 2070924953</i>		
Bank statement and cash book balance at the beginning of the year	11 992 251	11 521 454
Bank statement and cash book balance at the end of the year	12 974 137	11 992 251
Investments Bank Account <i>Standard Bank Bank Account - Stanger Branch</i> <i>Account Number 05 875 6642 066</i>		
Bank statement and cash book balance at the beginning of the year	6 041 632	5 761 570
Bank statement and cash book balance at the end of the year	6 438 968	6 041 632
Investments Bank Account <i>Standard Bank Bank Account - Stanger Branch</i> <i>Account Number 05 875 6642 065</i>		
Bank statement and cash book balance at the beginning of the year	6 041 632	5 761 570
Bank statement and cash book balance at the end of the year	6 438 969	6 041 632
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62288308672</i>		
Bank statement and cash book balance at the beginning of the year	520 083	520 127
Bank statement and cash book balance at the end of the year	520 083	520 083
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62288306147</i>		
Bank statement and cash book balance at the beginning of the year	260 001	260 023
Bank statement and cash book balance at the end of the year	260 001	260 001

	2015 R	2014 R
18. CASH AND CASH EQUIVALENTS (continued)		
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 74385497604</i>		
Bank statement and cash book balance at the beginning of the year	-	29 369 175
Bank statement and cash book balance at the end of the year	-	-
Investments Bank Account <i>Standard Bank Account - Stanger Branch</i> <i>Account Number 05 5756442-067</i>		
Bank statement and cash book balance at the beginning of the year	17 414 855	16 607 583
Bank statement and cash book balance at the end of the year	18 560 166	17 414 855
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 74386376948</i>		
Bank statement and cash book balance at the beginning of the year	-	17 368 637
Bank statement and cash book balance at the end of the year	-	-
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62289159660</i>		
Bank statement and cash book balance at the beginning of the year	2 852 716	2 753 602
Bank statement and cash book balance at the end of the year	2 972 854	2 852 716
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62289162259</i>		
Bank statement and cash book balance at the beginning of the year	4 336 182	4 185 510
Bank statement and cash book balance at the end of the year	(25)	4 336 182
First National Bank was instructed to close the account in June 2015. Due to an oversight by the bank, it had raised bank charges. The account was subsequently closed off in July 2015 and the bank charges reversed by the bank.		
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62288308135</i>		
Bank statement and cash book balance at the beginning of the year	214 964	214 997
Bank statement and cash book balance at the end of the year	214 964	214 964
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62289163215</i>		
Bank statement and cash book balance at the beginning of the year	627 453	605 689
Bank statement and cash book balance at the end of the year	653 877	627 453
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62288305230</i>		
Bank statement and cash book balance at the beginning of the year	620 126	620 159
Bank statement and cash book balance at the end of the year	620 126	620 126
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62288306618</i>		
Bank statement and cash book balance at the beginning of the year	186 961	186 994
Bank statement and cash book balance at the end of the year	186 961	186 961

	2015 R	2014 R
18. CASH AND CASH EQUIVALENTS (continued)		
Investments Bank Account <i>Standard Bank Account - Stanger Branch</i> <i>Account Number 058756442-053</i>		
Bank statement and cash book balance at the beginning of the year	5 570 224	5 328 820
Bank statement and cash book balance at the end of the year	5 917 758	5 570 224
Investments Bank Account <i>Nedbank Bank Account - Stanger Branch</i> <i>Account Number 38495111999-5</i>		
Bank statement and cash book balance at the beginning of the year	5 537 733	5 387 937
Bank statement and cash book balance at the end of the year	-	5 537 733
Investments Bank Account <i>Standard Bank Account - Stanger Branch</i> <i>Account Number 058756442069</i>		
Bank statement and cash book balance at the beginning of the year	11 159 930	10 725 639
Bank statement and cash book balance at the end of the year	12 008 634	11 159 930
Investments Bank Account <i>Nedbank Bank Account - Stanger Branch</i> <i>Account Number 374035339994</i>		
Bank statement and cash book balance at the beginning of the year	11 301 414	10 804 631
Bank statement and cash book balance at the end of the year	-	11 301 414
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62363519251</i>		
Bank statement and cash book balance at the beginning of the year	12 843 182	12 394 732
Bank statement and cash book balance at the end of the year	13 383 654	12 843 182
Investments Bank Account <i>Nedbank Account - Stanger Branch</i> <i>Account Number 9996-19832841: Short Term Investment Account</i>		
Bank statement and cash book balance at the beginning of the year	86 227	82 390
Bank statement and cash book balance at the end of the year	89 172	86 227
Investments Bank Account <i>Nedbank Account - Stanger Branch</i> <i>Account Number 9997-19832841: Short Term Investment Account</i>		
Bank statement and cash book balance at the beginning of the year	150 067	143 598
Bank statement and cash book balance at the end of the year	155 194	150 067
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 71039219855: Short Term Investment Account</i>		
Bank statement and cash book balance at the beginning of the year	57 566	54 653
Bank statement and cash book balance at the end of the year	60 571	57 566
Investments Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 71186421337: Fixed Deposit</i>		
Bank statement and cash book balance at the beginning of the year	15 641 105	14 805 089
Bank statement and cash book balance at the end of the year	16 728 162	15 641 105
This investment has been ring-fenced to provide for funds which will be used to reimburse developers in terms of existing service level agreements.		

	2015 R	2014 R
18. CASH AND CASH EQUIVALENTS (continued)		
Investments Bank Account <i>Nedbank Account - Stanger Branch</i> <i>Account Number 31337173 - 9969: Fixed Deposit</i>		
Bank statement and cash book balance at the beginning of the year	12 140 537	11 650 828
Bank statement and cash book balance at the end of the year	<u>12 929 926</u>	<u>12 140 537</u>
This investment has been ring-fenced to provide for funds which will be used to reimburse developers in terms of existing service level agreements.		
Investments Bank Account <i>ABSA Bank Account - Stanger Branch</i> <i>Account Number 2072795649</i>		
Bank statement and cash book balance at the beginning of the year	10 838 927	10 382 634
Bank statement and cash book balance at the end of the year	<u>11 567 661</u>	<u>10 838 927</u>
Investments Bank Account <i>ABSA Bank Account - Stanger Branch</i> <i>Account Number 2073097787</i>		
Bank statement and cash book balance at the beginning of the year	10 564 449	10 223 299
Bank statement and cash book balance at the end of the year	<u>11 323 946</u>	<u>10 564 449</u>
Investments Bank Account <i>ABSA Bank Account - Stanger Branch</i> <i>Account Number 2073166734</i>		
Bank statement and cash book balance at the beginning of the year	10 555 000	10 179 425
Bank statement and cash book balance at the end of the year	<u>11 318 127</u>	<u>10 555 000</u>
Investments Bank Account <i>Investec Bank Account - Durban Branch</i> <i>Account Number 1100482666451</i>		
Bank statement and cash book balance at the beginning of the year	10 977 741	10 501 030
Bank statement and cash book balance at the end of the year	<u>-</u>	<u>10 977 741</u>
Investments Bank Account <i>Investec Bank Account - Durban Branch</i> <i>Account Number 1100482666452</i>		
Bank statement and cash book balance at the beginning of the year	21 701 769	20 781 293
Bank statement and cash book balance at the end of the year	<u>23 191 175</u>	<u>21 701 769</u>
Investments Bank Account <i>Investec Bank Account - Durban Branch</i> <i>Account Number 1100482666453</i>		
Bank statement and cash book balance at the beginning of the year	10 556 471	10 218 614
Bank statement and cash book balance at the end of the year	<u>11 312 141</u>	<u>10 556 471</u>
Investments Bank Account <i>Investec Bank Account - Durban Branch</i> <i>Account Number 1100482666454</i>		
Bank statement and cash book balance at the beginning of the year	10 558 961	10 171 493
Bank statement and cash book balance at the end of the year	<u>11 269 579</u>	<u>10 558 961</u>
Investments Bank Account <i>Nedbank Account - Stanger Branch</i> <i>Account Number 412995079993</i>		
Bank statement and cash book balance at the beginning of the year	10 587 549	10 199 890
Bank statement and cash book balance at the end of the year	<u>11 292 204</u>	<u>10 587 549</u>

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	2015 R	2014 R
18. CASH AND CASH EQUIVALENTS (continued)		
Investments Bank Account <i>Standard Bank Account - Stanger Branch</i> <i>Account Number 058756442070</i>		
Bank statement and cash book balance at the beginning of the year	10 546 986	10 168 438
Bank statement and cash book balance at the end of the year	11 444 574	10 546 986
Investments Bank Account <i>Absa Bank Account - Durban Branch</i> <i>Account Number 2074191310</i>		
Bank statement and cash book balance at the beginning of the year	10 199 987	-
Bank statement and cash book balance at the end of the year	10 696 526	10 199 987
Investments Bank Account <i>Investec Account - Durban Branch</i> <i>Account Number 1100-482666-455</i>		
Bank statement and cash book balance at the beginning of the year	-	-
Bank statement and cash book balance at the end of the year	10 270 883	-
Investments Bank Account <i>investec Bank Account - Durban Branch</i> <i>Account Number 1100-482666-456</i>		
Bank statement and cash book balance at the beginning of the year	-	-
Bank statement and cash book balance at the end of the year	20 000 000	-
The Municipality has the following main bank accounts: <u>ACCOUNT DESCRIPTION</u>		
Primary Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 53730256310: Cheque Account</i> <i>First National Bank Account - Ballito Branch</i> <i>Account Number 53730076916: Cheque Account</i>		
Cash book balance at the beginning of the year	56 507 569	26 912 615
Cash book balance at the end of the year	73 177 234	56 507 569
Bank statement balance at the beginning of the year	56 507 569	26 912 615
Bank statement balance at the end of the year	63 142 666	56 507 569
Housing Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62020550077: Cheque Account</i>		
Cash book balance at the beginning of the year	2 055 338	2 068 047
Cash book balance at the end of the year	881 803	2 055 338
Bank statement balance at the beginning of the year	2 055 338	2 068 047
Bank statement balance at the end of the year	881 803	2 055 338
Housing Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62015681225: Cheque Account</i>		
Cash book balance at the beginning of the year	19 810 085	23 542 599
Cash book balance at the end of the year	14 422 120	19 810 085
Bank statement balance at the beginning of the year	19 810 085	23 542 599
Bank statement balance at the end of the year	14 422 120	19 810 085
Housing Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62031878624: Cheque Account</i>		
Cash book balance at the beginning of the year	60 157	59 223
Cash book balance at the end of the year	61 183	60 157
Bank statement balance at the beginning of the year	60 157	59 223
Bank statement balance at the end of the year	61 183	60 157
Housing Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62031876800: Cheque Account</i>		
Cash book balance at the beginning of the year	27 522	19 761
Cash book balance at the end of the year	36 918	27 522
Bank statement balance at the beginning of the year	27 522	19 761
Bank statement balance at the end of the year	36 918	27 522

	2015 R	2014 R
18. CASH AND CASH EQUIVALENTS (continued)		
Housing Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62059290454: Cheque Account</i>		
Cash book balance at the beginning of the year	85 099	60 872
Cash book balance at the end of the year	114 097	85 099
Bank statement balance at the beginning of the year	85 099	60 872
Bank statement balance at the end of the year	114 097	85 099
Housing Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62059290561: Cheque Account</i>		
Cash book balance at the beginning of the year	23 443	16 781
Cash book balance at the end of the year	31 482	23 443
Bank statement balance at the beginning of the year	23 443	16 781
Bank statement balance at the end of the year	31 482	23 443
Electricity Main Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62080947941: Cheque Account</i>		
Cash book balance at the beginning of the year	30 348	21 736
Cash book balance at the end of the year	40 624	30 348
Bank statement balance at the beginning of the year	30 348	21 736
Bank statement balance at the end of the year	40 624	30 348
Electricity Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62080949301: Cheque Account</i>		
Cash book balance at the beginning of the year	67 219	48 117
Cash book balance at the end of the year	90 040	67 219
Bank statement balance at the beginning of the year	67 219	48 117
Bank statement balance at the end of the year	90 040	67 219
Grants Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62281022948: Cheque Account</i>		
Cash book balance at the beginning of the year	6 284 405	3 673 333
Cash book balance at the end of the year	12 920	6 284 405
Bank statement balance at the beginning of the year	6 284 405	3 673 333
Bank statement balance at the end of the year	12 920	6 284 405
18. CASH AND CASH EQUIVALENTS (continued)		
Fines Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62079758268: Cheque Account</i>		
Cash book balance at the beginning of the year	756 471	627 969
Cash book balance at the end of the year	872 516	756 471
Bank statement balance at the beginning of the year	756 471	627 969
Bank statement balance at the end of the year	872 516	756 471
Grants Bank Account (2) <i>First National Bank Account - Stanger Branch</i> <i>Account Number 74303898107: Cheque Account</i>		
Cash book balance at the beginning of the year	84 145 708	70 995 456
Cash book balance at the end of the year	86 037 953	84 145 708
Bank statement balance at the beginning of the year	84 145 708	70 995 456
Bank statement balance at the end of the year	86 037 953	84 145 708
Housing Bank Account <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62416012649: Cheque Account</i>		
Cash book balance at the beginning of the year	11 775 369	6 846 853
Cash book balance at the end of the year	15 559 156	11 775 369
Bank statement balance at the beginning of the year	11 775 369	6 846 853
Bank statement balance at the end of the year	15 559 156	11 775 369
Petty cash and cash on hand	1 460 469	1 542 380
TOTAL CASH AND CASH EQUIVALENTS:	540 390 976	542 370 693
Total Interest earned on Investments	30 490 667	21 700 289

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	2015 R	2014 R
19. PROPERTY RATES		
<u>Actual</u>		
Residential	158 024 298	149 443 581
Commercial	59 365 124	54 926 080
Residential for commercial purposes	1 089 726	672 543
Education and State	3 516 371	3 349 466
Agriculture	2 270 921	1 226 910
Vacant	48 506 946	45 451 536
Public Service Infrastructure	2 181 098	670 130
Total Assessment Rates	274 954 483	255 740 248
<u>Property Valuations</u>		
Residential	30 870 244 200	30 292 424 200
Commercial	3 737 141 000	3 802 954 000
Residential for commercial purposes	165 864 000	107 435 000
Education and State	379 328 000	379 328 000
Municipal	365 458 000	338 476 000
Agriculture	3 048 215 708	3 172 434 708
Vacant	2 938 169 400	2 889 610 400
Informal settlements	4 309 000	4 309 000
Land reform	757 878 000	567 395 000
Monuments	1 748 000	1 733 000
Public Service Infrastructure	2 091 177 000	3 405 448 000
Worship / Public Benefit Organisations	167 373 000	165 359 000
Total Property Valuations	44 526 905 308	45 126 906 308
The last general valuation came into effect on:	02/07/2010	02/07/2010
Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 with effect from 01/07/2007		
Supplementary valuations are prepared on a biannual basis taking into account consolidations and subdivisions as well as property category changes		
Assessment rates: Cents in the rand on market valuation as follows:		
Residential, informal settlements, land reform, monuments	0.59900	0.57000
Residential for commercial purposes	0.65700	0.62600
Agricultural	0.14900	0.14200
Industrial, business and commercial, vacant, public infrastructure, Municipal owned and worship	1.85400	1.76600
State owned	0.92700	0.83300
Guest houses	1.67000	1.59000
Public service infrastructure	0.14900	0.14200
The first R100 000 of the valuation of residential properties are exempt from the calculation of rates.		
The first 30% of the valuation of Public Service infrastructure properties are exempt from the calculation of rates		
Rebates:		
Land reform, worship, state land, Public Benefit Organisations, monuments, informal settlements and municipal owned property	100%	100%
Additional rebates applicable:		
Excluded services	15%	15%
All Pensioners		
Pensioners under 65 years	25%	25%
Pensioners between 65 & 75 years	30%	30%
Pensioners older than 75 years	35%	35%
Industrial incentives including:		
In first & second year thereafter phased out by 10% per annum	100%	100%
Residential Developers incentive		
In first & second year thereafter phased out by 10% per annum	100%	100%
Bonafide Agricultural properties	50%	50%
Rates are levied as follows (in terms of Section 26 of the Municipal Property Rates Act No. 6 of 2004) for the 2014/2015 financial year:		
On an annual basis, by application, and the final date of payment being:	30 September 2014	30 September 2013
On a monthly basis, and the final dates of payment being the last working day of the month from August 2014 to June 2015		
Interest is levied on outstanding rates per annum at:	15.5%	15.5%
Plus collection charges two months after the final date of payment in respect of annual rate payers and 1 July in respect of monthly rate payers:	10%	10%

	2015 R	2014 R
20. SERVICE CHARGES		
Sale of electricity	566 803 771	527 050 451
Refuse removal	54 849 307	47 634 339
Total Service Charges	621 653 078	574 684 790

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

21. GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	79 677 000	77 550 000
Municipal Infrastructure Grant	73 134 051	36 316 717
Financial Management Grant	1 700 000	1 808 946
Land Use Management Systems	-	107 000
Department of Minerals and Energy	186 728	4 813 272
Municipal Systems Improvement Grant	992 152	1 563 806
New Library Grant	256 566	224 801
Department of Sports and Recreation	15 474	62 417
CBD Revitalization	-	64 101
Library Subsidy	2 800 000	2 690 000
Municipal Assistance Programme	-	-
Museum	151 000	370 604
Disaster Rough Seas	3 196 350	1 203 908
Ilembe Shared Services Grant	822 657	12 339
Neighbourhood Development Partnership Grant	8 179 317	7 694 292
Thusong Centre Grant	9 692	334 542
Multi Purpose Centre Grant	69 414	241 148
Ethembeni / Charlotdale Precent	145 628	216 758
Expanded Public Works Programme	1 377 454	1 474 484
Corridor Development	6 936 764	4 208 058
Housing Accreditation	1 556 095	694 094
Demand Side Management Grant	8 000 000	-
Small Town Rehabilitation Grant	-	-
Property Rates Implementation	31 985	-
IFA Grant	4 500 000	-
Total Government Grant and Subsidies	193 738 328	141 651 286

21.1 Equitable Share

Balance unspent at beginning of year	-	-
Current year receipts	71 677 000	77 550 000
Transfer from Demand Side Management Grant	8 000 000	-
Conditions met – transferred to revenue	(79 677 000)	(77 550 000)
Conditions still to be met	-	-

21.2 Municipal Infrastructure Grant

Balance unspent at beginning of year	29 220 831	23 696 547
Current year receipts	47 941 000	41 841 000
Conditions met - transferred to revenue	(73 134 051)	(36 316 716)
Conditions still to be met-transferred to liabilities (see note 8)	4 027 780	29 220 831

This grant was used for road infrastructure as part of upgrading of informal settlements.

21.3 Financial Management Grant

Balance unspent at beginning of year	-	258 946
Current year receipts	1 700 000	1 550 000
Conditions met - transferred to revenue	(1 700 000)	(1 396 946)
Withheld by National Treasury	-	(412 000)
Conditions still to be met-transferred to liabilities (see note 8)	-	-

This grant was used for implementation of MFMA, finance reforms and payment of intern's salaries. R412 000,00 was withheld by National Treasury in the prior year

21.4 Land Use Management Systems Grant

Balance unspent at beginning of year	-	107 000
Current year receipts	-	-
Conditions met - transferred to revenue	-	(107 000)
Conditions still to be met-transferred to liabilities (see note 8)	-	-

Spatial development framework and land use management systems. No funds were withheld.

	2015 R	2014 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
21.5 Department of Minerals and Energy Grant		
Balance unspent at beginning of year	186 728	-
Current year receipts	-	5 000 000
Conditions met - transferred to revenue	(186 728)	(4 813 272)
	-	-
Conditions still to be met-transferred to liabilities (see note 8)	-	186,728
This grant is used for electrification projects as part of upgrading of informal settlement areas. No funds were withheld.		
21.6 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	58 153	731 959
Current year receipts	934 000	890 000
Conditions met - transferred to revenue	(992 152)	(1 563 806)
	-	-
Conditions still to be met-transferred to liabilities (see note 8)	-	58 153
This grant is used for electrification projects as part of upgrading of informal settlement areas. No funds were withheld.		
21.7 New Library Grant		
Balance unspent at beginning of year	106 348	91 149
Current year receipts	252 000	240 000
Conditions met - transferred to revenue	(256 566)	(224 801)
	-	-
Conditions still to be met-transferred to liabilities (see note 8)	101 782	106 348
This grant was in construction of new KwaDukuza library. No funds were withheld.		
21.8 Property Rates Implementation		
Balance unspent at beginning of year	31 985	31 985
Current year receipts	-	-
Conditions met - transferred to revenue	(31 985)	-
	-	-
Conditions still to be met-transferred to liabilities (see note 8)	-	31 985
This grant is for the communication of the Municipal Property Rates Act to the public. No funds were withheld.		
21.9 Department of Sports and Recreation		
Balance unspent at beginning of year	198 070	260 486
Current year receipts	-	-
Conditions met - transferred to revenue	(15 474)	(62 417)
	-	-
Conditions still to be met-transferred to liabilities (see note 8)	182 596	198 070
This grant is for the upgrading of the sports facilities: Chief Albert Luthuli Sports Field.		
21.10 CBD Revitalization		
Balance unspent at beginning of year	-	64 101
Current year receipts	-	-
Conditions met - transferred to revenue	-	(64 101)
	-	-
Conditions still to be met-transferred to liabilities (see note 8)	-	-
This grant is for the revitalization of the urban design framework for KwaDukuza central business district (CBD) to increase growth opportunities and investor confidence.		
21.11 Municipal Assistance Programme		
Balance unspent at beginning of year	822 902	822 902
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
	-	-
Conditions still to be met-transferred to liabilities (see note 8)	822 902	822 902
This grant is for credit control and GRAP implementation.		
21.12 Museum		
Balance unspent at beginning of year	378 973	465 577
Current year receipts	151 000	284 000
Conditions met - transferred to revenue	(151 000)	(370 604)
	-	-
Conditions still to be met-transferred to liabilities (see note 8)	378 973	378 973
This grant is for the Museum expenditure incurred.		

	2015 R	2014 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
21.13 Disaster Rough Seas		
Balance to be refunded at beginning of year	3 196 350	4 400 258
Current year receipts	-	-
Expenditure claimed in accordance with grant conditions	(3 196 350)	(1 203 908)
	<u>-</u>	<u>3 196 350</u>
This grant is from Department of Provincial Local Government for the clean up operations on the beaches.		
21.14 iLembe Shared Services		
Balance unspent at beginning of year	810 665	823 004
Current year receipts	345 849	-
Conditions met - transferred to revenue	(822 657)	(12 339)
Conditions still to be met-transferred to liabilities (see note 8)	<u>333 857</u>	<u>810 665</u>
This grant is for the hiring of a town planner for the KwaDukuza area.		
21.15 Neighbourhood Development Partnership		
Balance unspent at beginning of year	15 305 708	-
Current year receipts	3 585 000	23 000 000
Conditions met - transferred to revenue	(8 179 317)	(7 694 292)
Conditions still to be met-transferred to liabilities (see note 8)	<u>10 711 391</u>	<u>15 305 708</u>
This grant is for Infrastructure Development R11.3m of the 2014/2015 allocation of R14.9m to the municipality in respect of the Neighbourhood Development Partnership Grant gazetted in the 2014 Division of Revenue Act (Act No. 10 of 2014) was stopped due to non-compliance of the grant allocation conditions. This decision by National Treasury will not in any way affect future allocations to the municipality.		
21.16 Thusong Centre		
Balance unspent at beginning of year	9 692	344 233
Current year receipts	-	-
Conditions met - transferred to revenue	(9 692)	(334 542)
Conditions still to be met-transferred to liabilities (see note 8)	<u>-</u>	<u>9 692</u>
This grant is for community upliftment		
21.17 Multi Purpose Centre (MPCC)		
Balance unspent at beginning of year	69 414	310 561
Current year receipts	-	-
Conditions met - transferred to revenue	(69 414)	(241 148)
Conditions still to be met-transferred to liabilities (see note 8)	<u>-</u>	<u>69 414</u>
This grant is for community upliftment		
21.18 Ethembeni / Charlotdale Precent		
Balance unspent at beginning of year	263 242	480 000
Current year receipts	-	-
Conditions met - transferred to revenue	(145 628)	(216 758)
Conditions still to be met-transferred to liabilities (see note 8)	<u>117 614</u>	<u>263 242</u>
This grant is for community upliftment		
21.19 Expanded Public Works Programme		
Balance unspent at beginning of year	129 454	603 938
Current year receipts	1 248 000	1 000 000
Conditions met - transferred to revenue	(1 377 454)	(870 484)
Amount withheld by National Treasury	-	(604 000)
Conditions still to be met-transferred to liabilities (see note 8)	<u>-</u>	<u>129 454</u>
This grant is for community upliftment. R604 000,00 was withheld by National Treasury in the prior year.		

	2015 R	2014 R
21.20 Corridor Development		
Balance unspent at beginning of year	5 563 115	9 771 173
Current year receipts	5 000 000	-
Conditions met - transferred to revenue	(6 936 764)	(4 208 058)
Conditions still to be met-transferred to liabilities (see note 8)	3 626 351	5 563 115
This grant is for community upliftment		
21.21 Housing Accreditation Grant		
Balance unspent at beginning of year	11 124 706	6 846 000
Current year receipts	6 354 081	4 972 800
Conditions met - transferred to revenue	(1 556 095)	(694 094)
Conditions still to be met-transferred to liabilities (see note 8)	15 922 692	11 124 706
This grant is for community upliftment		
21.22 Demand Side Management Grant		
Balance unspent at beginning of year	8 000 000	8 000 000
Current year receipts	-	-
Amount withheld by National Treasury - refer off-set to Equitable Share	(8 000 000)	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 8)	-	8 000 000
This grant is for community upliftment		
The roll over approval of this grant was not approved in terms of Section 22 of Division of Revenue Act.		
21.23 Library Subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	2 800 000	2 690 000
Conditions met - transferred to revenue	(2 800 000)	(2 690 000)
Conditions still to be met-transferred to liabilities (see note 8)	-	-
This grant is for community upliftment		
21.24 IFA Grant		
Balance unspent at beginning of year	-	-
Current year receipts	4 500 000	-
Conditions met - transferred to revenue	(4 500 000)	-
Conditions still to be met-transferred to liabilities (see note 8)	-	-
This grant is for the provision of sports facilities to the community		
21.25 Small Town Rehabilitation Grant		
Balance unspent at beginning of year	-	-
Current year receipts	3 000 000	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 8)	3 000 000	-
This grant is for community upliftment		

	2015 R	2014 R
22 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	140 618 427	129 131 891
Contributions to UIF, medical, pension benefits, WC and levies	45 111 559	41 282 559
Travel, motor car, accommodation, subsistence and other allowances	10 423 160	10 012 926
Housing benefits and allowances	556 783	528 854
Overtime, standby and rations payments	37 788 318	32 228 961
Leave pay and leave bonus payments	16 070 858	14 256 089
TOTAL EMPLOYEE RELATED COSTS	250 569 106	227 441 281
Included in the employee related costs are the following:		
<u>Remuneration of the Municipal Manager</u>		
Total cost to Council	1 586 028	1 287 448
No performance bonus was payable to the Municipal Manager in 2013/2014.		
<u>Remuneration of the Chief Finance Officer</u>		
Annual remuneration	1 149 666	1 018 741
Car allowance	132 000	132 000
Contributions to UIF, medical and pension funds	328 035	297 905
Sub-Total	1 609 702	1 448 646
Backpay:		
Annual remuneration	-	46 412
Car allowance	-	51 111
Contributions to UIF, medical and pension funds	-	35 993
Total	1 609 702	1 582 163
The remuneration of the CFO was re-negotiated effective 01 January 2013 and details of backpay is included above.		
<u>Remuneration of Executive Directors</u>		
<u>Economic Development and Planning</u>		
Annual remuneration	917 579	781 346
Car allowance	96 000	96 000
Medical and pension funds	232 215	220 201
Total	1 245 794	1 097 547
<u>Corporate Services</u>		
Annual remuneration	1 060 994	951 705
Car allowance	96 000	96 000
Medical and pension funds	23 450	29 642
Total	1 180 444	1 077 348
<u>Municipal Services</u>		
Annual remuneration	1 061 976	961 638
Car allowance	95 849	95 849
Medical and pension funds	13 253	19 858
Total	1 171 077	1 077 346
<u>Corporate Governance</u>		
Annual remuneration	861 746	721 808
Car allowance	176 379	131 752
Medical and pension funds	187 331	239 640
Total	1 225 456	1 093 200
<u>Civil Services</u>		
Annual remuneration	697 162	-
Car allowance	79 762	-
Medical and pension funds	132 513	-
Total	909 438	-

The Executive Director Civil Services took up his post on 01 September 2014

**KWADUKUZA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015 R	2014 R
23. REMUNERATION OF COUNCILLORS		
Mayor	696 170	658 073
Deputy Mayor	617 690	583 908
Speaker	561 559	531 082
Mayoral committee members	5 259 455	4 410 828
Councillors	9 064 062	9 114 548
Councillors' pension contribution	1 381 901	1 309 315
Traditional leaders	31 200	-
Total Councillors' Remuneration	17 612 038	16 607 754
Included in Mayoral Committee members is a payment of R70 707.27 overpaid the the MPAC Chair due to inaccurate classification of committee structure. This is currently under investigation and in the interim recorded as irregular expenditure.		
24. FINANCE COSTS		
Non-current liabilities	19 808 206	11 599 969
	19 808 206	11 599 969
25. BULK PURCHASES		
Electricity	427 861 024	398 246 744
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom and Nersa approved a 11.15% tariff hike in favour of Eskom.		
26. GENERAL EXPENSES		
Included in general expenses is the following: -		
Free basic services - Refuse	12 078 330	11 781 722
Dump charges	10 949 227	8 664 748
Replacement of faulty meters	1 184 478	125 045
Indigent support - parks and gardens department	11 166 252	10 787 521
Indigent support - waste management department	3 340 510	2 930 067
Security services	10 784 318	7 929 473
Shark control expenditure	3 138 213	3 037 173
Call out to consumer complaints	9 842 093	8 208 942
Legal costs	5 277 718	3 843 770
Marketing	1 200 000	1 000 300
Audit fee - external audit	3 154 461	3 407 771
Bank charges	2 442 227	2 557 595
Insurance general	1 580 881	1 476 774
Refuse bags/contract	1 658 870	1 340 280
Free basic services - Electricity	11 692 021	9 658 782
Valuations & valuation rolls	4 406 964	1 498 771
Ward Committee members	2 444 959	2 755 000
Ballito Pro expenditure	4 126 141	2 567 274
Advertising	2 298 419	2 238 176
Printing, Stationery & postage	3 150 117	3 157 310
Subscriptions	2 779 806	2 055 753
Water & Sanitation	1 760 280	1 830 258
Sundry Oils & Fuels	6 359 995	5 847 107
Street lighting consumption	3 622 794	3 249 558
Staff & councillor training costs and bursaries	1 753 960	1 652 678
Travelling & subsistence	1 353 841	938 453
Telephone calls / rentals	5 964 730	2 614 232
Protective clothing	2 755 793	2 775 114
Non standard service connection	1 413 389	1 580 500
Software support & licences and agreements	2 581 522	2 951 831
Other General Expenses	28 207 052	41 505 571
Professional Fees	3 894 799	3 727 359
TOTAL GENERAL EXPENSES	168 364 159	159 694 909

	2015 R	2014 R
27. 27.1 CONTRACTED SERVICES		
Refuse removal	18 777 173	18 601 586
Grass cutting	4 956 077	4 984 671
Asset Management Services	614 438	1 902 971
Project management fees and concept plan	-	167 500
Survey and facilitation fees for roads and housing projects	484 166	451 254
Advertising	913 066	451 782
	25 744 920	26 559 763
27.2 Transfer made: MIG funding paid to Ilembe District Municipality	20 751 542	8 528 290

The Minister of Finance has allocated funds via the National MIG Unit and which funds have been allocated to KwaDukuza Municipality. The KwaDukuza Municipality by way of a Special Council Resolution on 26 July 2012, agreed to fund bulk infrastructure for water and sanitation via the said MIG allocation to enable Ilembe District Municipality to supply the relevant bulk infrastructure water and sanitation to various housing projects being undertaken by KwaDukuza Municipality. KwaDukuza Municipality has allocated an amount of R20 million from their MIG Grant funding for the 2014/2015 financial year for this project. R20 751 542 has been transferred to Ilembe District Municipality in the 2014/2015 financial year. Further details are provided under irregular expenditure.

28. REVENUE

28.1 OTHER INCOME

Included in other income is the following: -

Contributions demand based	16 158 918	10 941 985
Building plan fees	8 420 806	7 125 422
Sundries	1 200 713	2 925 560
Electricity availability	2 296 896	2 136 358
Proceeds from insurance	1 608 994	2 809 580
Admin charges	1 316 577	1 176 522
P445 - Contributions by Department Of Transport	19 212 661	-
Sundry income	7 208 265	14 953 965
TOTAL OTHER INCOME	57 423 828	42 069 392

28.2 FINES

Total revenue from Fines Income	21 075 352	25 973 087
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Fines are issued in terms of S341 & S56 of the Criminal Procedures Act 51 of 1977

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29. UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

29.1 Irregular Expenditure:

Irregular Expenditure incurred for the Financial Year	2014/15	2013/14
Goods and/or services not procured through competitive bidding processes.	7 678 687	538 152
Goods and/or services not procured through competitive bidding processes written off by Council and awaiting National Treasury condonement	4 461 629	-
Copies of contracts could not be located and made available to audit	-	10 904 329
Non-submission of tax clearance certificates and / or declarations of interest by suppliers, staff / contractors not registered with CIDB	-	474 237
Irregular expenditure pertaining to grass cutting contracts approved by Council and awaiting National Treasury condonement	24 233 305	24 253 018
Irregular expenditure due to conducting business with persons in the service of the state written off by Council and awaiting National Treasury condonement	383 069	912 184
Section 36 approvals subsequently reclassified as irregular expenditure. Refer to Note 32.7	-	1 140 000
Irregular expenditure 2014/2015 pertaining to banking services (FNB) written off by Council and awaiting National Treasury condonement	2 343 960	-
Irregular expenditure 2014/2015 pertaining to the vending of prepaid electricity (Contour) written off by Council and awaiting National Treasury condonement	1 228 518	-
Irregular expenditure 2014/2015 pertaining to the procurement of services relating to vehicle hire written off by Council and awaiting National Treasury condonement.	173 497	-
Irregular expenditure 2014/2015 pertaining to the procurement of legal services written off by Council and awaiting National Treasury condonement.	7 254 727	-
Irregular expenditure 2014/2015 pertaining to the procurement of travel agency services written off by Council and awaiting National Treasury condonement.	1 081 797	-
Irregular expenditure 2014/2015 pertaining to the procurement of photocopying & printing services written off by Council and awaiting National Treasury condonement .	645 123	-
Unauthorised MIG transfer to ILembe District Municipality written off by Council and approval of drawdown schedule is awaited by National Treasury,	20 751 542	8 364 825
	70 235 854	46 586 745

Reconciliation of Irregular Expenditure Written Off by Council	2014/15	2013/14
Opening Balance	56,416,974	62,436,990
Incurred for the year	70,235,854	46,586,745
	126,652,828	109,023,734
Written Off by Council	(109,658,659)	(52,606,760)
Remaining to be considered	16,994,169	56,416,974

Council has investigated all instances of irregular expenditure which has been written off as disclosed above and no instances of fraud and corruption has been identified.

Reconciliation of Irregular Expenditure Condoned by National Treasury	2014/15	2013/14
Opening Balance	109,023,734	62,436,990
Incurred for the year	70,235,854	46,586,745
	179,259,589	109,023,734
Condoned by National Treasury	-	-
Remaining to be considered	179,259,589	109,023,734

Council has submitted the required information to National Treasury, we are currently awaiting a response on the matter.

29.2 Fruitless and Wasteful Expenditure:

Fruitless and Wasteful Expenditure incurred for the Financial Year	2014/15	2013/14
Penalties & interest paid to SARS - VDP application	423 635	-
Payment made for damages to hired vehicle	9 975	-
	-	-
	433 610	-

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Reconciliation of Fruitless and Wasteful Expenditure Written Off by Council		
Opening Balance	3,708,058	3,708,058
Incurring for the year	433,610	-
	4,141,668	3,708,058
Written Off by Council	-423,635	-
Remaining to be considered	3,718,033	3,708,058

Reconciliation of Fruitless and Wasteful Expenditure Condoned by National Treasury		
Opening Balance	3,708,058	3,708,058
Incurring for the year	433,610	-
	4,141,668	3,708,058
Condoned by National Treasury	-	-
Remaining to be considered	4,141,668	3,708,058

29.3 Unauthorised Expenditure:

Unauthorised Expenditure incurred for the Financial Year	2014/15	2013/14
	-	-

Reconciliation of Unauthorised Expenditure Approved by Council		
Opening Balance	-	-
Incurring for the year	-	-
	-	-
Written Off by Council	-	-
Remaining to be considered	-	-

Reconciliation of Unauthorised Expenditure Condoned by National Treasury		
Opening Balance	-	-
Incurring for the year	-	-
	-	-
Condoned by National Treasury	-	-
Remaining to be considered	-	-

30. CASH GENERATED BY OPERATIONS

Surplus for the year	177 824 184	132 155 300
Adjustment for: -		
Amortisation: Intangible assets	2 753 355	2 375 177
Write off intangible assets	2 609	254
Depreciation: Property, Plant and equipment	43 997 460	41 324 335
Impairment loss	12 900 502	7 015 752
Transfer of PPE to IP at fair valued amount	-	(1 800 000)
Gain on disposal of asset	(53 500)	(84 105)
Loss on disposal of property, plant and equipment	1 716 263	(355 842)
Contribution to provisions - non-current	(197 354)	(1 149 193)
Assets adjustments as per Note 10	-	2 066 179
Assets donated	(15 195 302)	(5 024 977)
Contribution to retirement benefit obligation	1 787 000	5 058 490
Contribution to long service award benefits	256 000	964 029
Increase / (Release from) allowance for impairment	17 078 712	16 090 377
Fair value adjustment : Investment properties	(5 145 000)	(10 445 000)
SARS VDP	423 635	-
Investment income	(30 490 667)	(21 700 289)
Intangible assets not previously recognised	(517 081)	(236 355)
Bad Debts written off	6 696 576	6 603 633
Finance costs	19 808 206	11 601 150
Operating surplus before working capital changes:	233 645 596	184 458 916
(Increase)/decrease in inventories	(447 390)	(2 878 451)
(Increase)/decrease in exchange receivables	(16 481 976)	(34 449 752)
(Increase)/decrease in non-exchange receivables	(22 327 730)	(3 117 974)
Increase/(decrease) in conditional grants and receipts	(36 250 396)	17 366 514
Increase/(decrease) in Trade and Other Payables	(5 276 146)	18 742 196
Decrease in short term portion of long term receivables	-	-
(Increase)/decrease in VAT receivable	(892 232)	503 508
Debtors impairment VAT movement - Note 16		
Cash generated by operations	151 969 725	180 624 958

	2015 R	2014 R
31. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	540 390 976	542 370 693
Call investment deposits	-	-
Total cash and cash equivalents at the end of the year	<u>540 390 976</u>	<u>542 370 693</u>
32. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>32.1 Contributions to organised local government</u>		
Amount paid - current year	(2 853 894)	(2 268 248)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>32.2 Audit fees</u>		
Amount paid - current year	(3 596 086)	(3 884 859)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
32. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)		
<u>32.3 VAT</u>		
Vat received for the year	<u>26 631 789</u>	<u>28 404 141</u>
VAT paid for the year	<u>(1 282 568)</u>	<u>(1 212 876)</u>
VAT inputs receivables and VAT outputs payable are shown in note 9. All VAT returns have been submitted by the due date throughout the year.		
<u>32.4 PAYE and UIF</u>		
Current year payroll deductions	(37 109 065)	(32 651 918)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>32.5 Pension and Medical Aid Deductions</u>		
Current year payroll deductions and Council Contribution	(60 039 250)	(54 317 460)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>32.6 Councillor's arrear consumer accounts as at 30 June 2015</u>		
In terms of S124 (1) (b) the following particulars are disclosed in respect of any arrears owed by individual councillors during the financial year:		
<i>Councillor: S Anamaly</i>		
Nature of Arrears;	Rates & Services	
Arrears during the year (Highest):	4,249	
Arrears as at 30 June 2015	4 249	
Oldest ageing as at 30 June 2015	150+ days	
<i>Councillor: S Anamaly</i>		
Nature of Arrears;	Rates & Services	
Arrears during the year (Highest):	5 458	
Arrears as at 30 June 2015	3 877	
Oldest ageing as at 30 June 2015	90 days	
<i>Councillor: S Anamaly</i>		
Nature of Arrears;	Rates & Services	
Arrears during the year (Highest):	5 145	
Arrears as at 30 June 2015	4 437	
Oldest ageing as at 30 June 2015	120 days	
<i>Councillor: B Dlavana</i>		
Nature of Arrears;	Rates & Services	
Arrears during the year (Highest):	814	
Arrears as at 30 June 2015	814	
Oldest ageing as at 30 June 2015	90 days	
Payments for the above arrear accounts were subsequently received in July 2015		

	2015 R	2014 R
32.7 Supply chain management deviations		
Emergency	1 587 976	2 762 679
Sole provider	2 850 463	1 066 392
Acquisition of special works of art or historic objects where specifications are difficult to compile	73 000	1 296 500
In any other exceptional case where it is impractical to follow the official procurement process	3 408 779	1 057 660
	7 920 218	6 183 231
Section 36 deviations transferred to Irregular Expenditure	1 133 254	1 140 123
Total Section 36 deviations for the financial year	6 786 964	5 043 108

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

32.8 Material losses incurred

Electricity Distribution Losses

Technical Losses	47 906 438	44 797 593
Non Technical Losses	23 430 604	16 941 635
Technical and non technical electricity distribution losses	71 337 042	61 739 229
Percentage energy losses	16,38%	15%

Non technical losses are generally the result of, but not limited to, theft of electricity by means of illegal connections and unbilled consumers . Internal controls are in place and are being maintained which minimises the risk of unbilled consumers.99.3 million kilowatts have been lost due to electricity distribution losses.

An Energy Loss Task Team has been formed. We anticipate the measures implemented by the committee to result in a decrease in the energy loss incurred by the municipality for the upcoming (2015/2016) financial year.

33. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for:	160 624 145	273 980 886
Infrastructure	128 726 872	265 873 624
Community	31 897 273	8 107 262

Capital Commitments are exclusive of VAT

34. CONTINGENT LIABILITIES

34.1 Reimbursement of capital costs of bulk supply to developers	195 512 646	172 100 799
The reimbursement are dependent on the developers meeting future targets as set out in the service level agreements. The timing and outcome of the reimbursements cannot presently be determined and therefore no provision for any liability that may result has been made in the financial statements.		
34.2 Municipality is being sued arising out of a minor child sustaining injuries allegedly after being electrocuted when she touched a light pole in Hulett Street	100 000	100 000
34.3 Nyathi Sugar Ridge CCis suing the municipality due to losses incurred by a damaged electrical pole setting alight the sugar cane.	188 667	188 667
34.4 Municipality is being sued by S Govender pertaining to a collision involving a vehicle owned by the Municipality	49 000	49 000
34.5 Municipality is being sued by Body Corporate Chakas Place for the removal of public toilets that are in front of the applicants building	150 000	150 000
34.6 Municipality is being sued by Sappi Southern Africa Limited for loss of revenue and additional expenditure incurred due to various power outages.	4 465 728	4 465 728
34.7 Municipality is being sued by Babsile Moshesh - attempted murder with the use of a municipal firearm	25 000 000	-
34.8 S T B Dlamini -Allegations of the Municipality's contractors encroaching onto grave sites	200 000	-
	225 666 041	177 054 194

**KWADUKUZA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015 R	2014 R
35. REPAIRS & MAINTENANCE		
Electrical Repairs & Maintenance	29 276 885	19 715 272
Roads & Stormwater Repairs & Maintenance	20 145 662	24 833 324
Parks & Gardens	17 142 224	19 869 249
General Repairs & Maintenance	12 302 916	9 251 588
	78 867 688	73 669 433
Repairs & Maintenance per class of Asset:		
Buildings	3 847 528	
Developed Land	17 098 366	
Electrical	21 250 680	
Furniture & Fittings	1 839 246	
Housing	232 293	
Roads	18 076 699	
Solid Waste	29 786	
Stormwater	10 194 274	
Vehicles	6 298 815	
Total Repairs & Maintenance	78 867 688	
36. CORRECTION OF ERROR		
The comparatives for 2013/14 have been restated in respect of the following errors:		
Non - exchange receivables as previously reported		32 446 122
Adjustments to Rates Revenue 2013/14 in respect of Valuation Appeals		(2 236 158)
Adjustments to Rates Revenue Prior 2013/14 in respect of Valuation Appeals		(2 581 825)
Ajustment to Unidentified deposit prior 2013/2014 - reallocation between non-exchange receivables and Trade & Other Payables		4,670,506
Restated balance as at 30 June 2014		32 298 645
36.2 Restatement of Exchange receivables (Note 16)		
Exchange receivables as previously reported		69 164 521
Adjustments to Service Charges 2013/14 in respect of Electricity billing.		201 382
Restated balance as at 30 June 2014		69 365 903
36.3 Errors for accounting for Property, Plant and Equipment (Note 10)		
Property Plant & Equipment as previously reported		1 056 124 086
Adjustments to Assets as per Note 10		318 479 355
Restated balance as at 30 June 2014		1 374 603 441
36.4 Restatement of Trade & other payables (Note 7)		
Trade & other payables as previously reported		172 631 808
Refund of Verge Deposit - One Vision Investments		4 611
Refund of building plan fees - One Vision Investments		118 096
Adjustment to General Expenses - SALGA Subscriptions		74 088
Adjustment to Other Income in respect of advertising fees		266 565
Adjustment to Contracted Services - Dolphin Coast Waste Management - Beach Refuse		319 156
Adjustment to Other Income prior 2013/2014 in respect of sundry deposits		735
Adjustments to Employee Related Costs - Payment to Deceased Estates		6 400
Adjustment to General Expenses prior 2010/2011 in respect of SALGA subscriptions		300
Adjustment to 2013/2014 Retentions		(90 609)
Ajustment to Unidentified deposit prior 2013/2014 - reallocation between non-exchange receivables and Trade & Other Payables		4,670,506
Adjustment of Prior 2013/2014 VAT due to VDP disclosure - Interest & Penalties		414 366
Restated balance as at 30 June 2014		178 416 022
36.5 Restatement of Value Added Tax receivable (Note 9)		
Value Added Tax as previously reported		5 005 275
Adjustment of Prior 2013/2014 VAT due to VDP disclosure		(1 202 107)
Adjustment to Prior 2013/2014 VAT - Free Basic Services		103,179
Restated balance as at 30 June 2014		3 906 347
36.6 Restatement of Investment Property (Note 12)		
Investment Property as previously reported		80 230 000
Transfer from Property, Plant and Equipment to Investment Property - 29 June 2014		1,800,000
Restated balance as at 30 June 2014		82 030 000
36.7 Restatement of Long Term Liabilities (Note 2)		
Long Term liabilities as previously reported		160 917 999
Adjustment to ABSA loan - in agreement to amortisation schedule		(1 181)
Restated balance as at 30 June 2014		160 916 818

	2015 R	2014 R
Reconciliation of Adjusted 2013/2014 Surplus:		
Surplus for the year as previously stated		146 610 642
Property rates:		
Adjustments to Rates Revenue 2013/14 in respect of Valuation Appeals		(2 236 158)
Depreciation		
Adjustment to depreciation expense 2013/2014 as per Restated Note 10		(1 263 281)
General Expenses:		
Adjustment to General Expenses - Assets incorrectly capitalised - should have been expensed		(2 149 924)
Adjustment to General Expenses - SALGA Subscriptions		(74 088)
Adjustment to General Expenses - street lights incorrectly capitalised		(4 202 894)
Adjustment to General Expenses - duplicated land		(5 572 786)
Adjustment to General Expenses - duplicated land		(166 000)
Adjustment to General Expenses - corrected 44 properties		(440 000)
Adjustment to General Expenses - expensing incorrectly capitalised AUC		(3 396 774)
Adjustment to General Expenses - 2013/2014 on disposal of stormwater		(1 842)
Adjustment to General Expenses - 2013/2014 reversal of electrical projects		(18 428)
Refund of Verge Deposit - One Vision Investments		(4 611)
Refund of Street Deposit - One Vision Investments		(4 045)
Adjustment to General Expenses		2,365
Adjustment to General Expenses - Retentions not released in prior year - 33kv cable -Glenhills to Laviopierre		44,482
Adjustment to General Expenses - Asset related		-109,217
Adjustment to General Expenses - Asset related		39
Other Income:		
Adjustment to Other Income - Refund of Annual Advertising fees - billboards		(266 565)
Refund of building plan fees - One Vision Investments		(118 096)
Adjustment to other income - traffic lights not previously recognised		4 377 564
Bringing on previously disposed assets		726 512
Adjustment to other income - land not previously recognised		535 000
Contracted Services`:		
Adjustment to Contracted Services - Dolphin Coast Waste Management - Beach Refuse		(319 156)
Service Charges		
Adjustment to Service Charges 2013/2014 in respect of electricity billing.		201 382
Finance Costs		
Adjustment to ABSA loan - in agreement to amortisation schedule		1 181
Restated balance as at 30 June 2014		132 155 300

2015
R

2014
R

37. EVENTS AFTER THE REPORTING DATE

NERSA has approved a 14,24% increase in Eskom bulk purchase tariffs. The effect of this and the resultant increase in our Electricity Tariff has been fully catered for in terms of the Council approved budget for the 2015/16 Financial Year.

38. EXPLANATION OF VARIANCES DISCLOSED IN THE BUDGET STATEMENT

Variance (1) between Original and Final Budget:

Detail Explanations which are contained in the Mid Year Section Budget Performance Report compiled in terms of Section 72 of the MFMA. The below explanations contain a summary wherein only material variances are discussed, i.e.) variances greater than 5 %. Other variances are as a result of reallocations within the budget.

38.1 Investment Revenue

Due to increasing cash balances the municipality anticipated generating additional interest revenue.

38.2 Transfers recognized - operational

Approval of roll over applications , resulted in the anticipated income increasing.

38.3 Other own revenue

A review of income streams resulted in an increase to the anticipated income to be recognized.

38.4 Debt Impairment

A mid year assessment of debtors collectability resulted in the provision decreasing.

38.5 Depreciation and asset Impairment

Depreciation budget adjusted downwards by R 8,6million due to revised calculations on assets under construction as well as the expenditure trends on the 2014/2015 capital budget.

38.6 Other Expenditure

The expenditure was reviewed and in consultation with Directorates adjusted accordingly

38.7 Contributions recognized - Capital

The increase is as a result of recognition of grant roll overs application which have been approved.

Variance (2) between Final Budget and Actual Outcome

Only variances greater than 5% are deemed material , these are discussed below :

38.8 Investment Revenue

Increased cash balances as a result of slow capital expenditure resulted in additional interest income.

38.9 Transfers recognized - operational

Certain expenditure that was funded by Government Grants did not materialize .

38.10 Other own revenue

This has increased due to unforeseen increases in Public Donations, Demand based contributions and other income streams.

38.11 Employee Related Costs

The variance of R23,9m is as a result of vacancies and attrition posts which have been budgeted for but of permanently appointed for the entire financial period.

38.12 Debt Impairment

As a result of the year end debtors profiling exercise , the year end impairment adjustment was not as significant as expected.

38.13 Other Expenditure

Variance is due to numerous savings and programmes which have not been completed in the budget year.

	2015 R	2014 R
39. RELATED PARTIES		
39.1 COUNCILLOR: R SINGH		
<u>Expenditure:</u>		
General Expenses for the year	4 575 704	4 357 739
Nature of transaction: The Council has entered into a contract for grass cutting with a relative of the Councillor.		
Balance outstanding at year end:	Nil	Nil
39.2 STAFF MEMBER: P NAIDOO		
<u>Expenditure:</u>		
General Expenses for the year	Nil	125 422
Nature of transaction: The Council has entered into a contract with the father of the employee for the sale of prepaid electricity		
Balance outstanding at year end:	Nil	Nil
39.3 STAFF MEMBER: P MURUGAN		
<u>Expenditure:</u>		
General Expenses for the year	399 913	461 823
Nature of transaction: The brother of the employee provides pest control services to the municipality		
Balance outstanding at year end:	Nil	Nil
39.4 COUNCILLOR: B B SINGH		
<u>Expenditure:</u>		
General Expenses for the year	721 255	433 143
Nature of transaction: The spouse of the councillor owns a travel agency. Council conducts business with this CC.		
Balance outstanding at year end:	Nil	Nil
<u>Expenditure:</u>		
General Expenses for the year	Nil	362 194
Nature of transaction: The municipality awarded a tender to Singh's Fruit & Veg for prepayment electricity to the spouse of the councillor.		
Balance outstanding at year end:	Nil	Nil
39.5 STAFF MEMBER: S I TSWANA		
<u>Expenditure:</u>		
General Expenses for the year	Nil	37 568
Nature of transaction: The brother of the employee hires out sound equipment to the municipality for public meetings.		
Balance outstanding at year end:	Nil	Nil
Total value of related parties	5 296 959	5 777 889
Payments of remuneration to senior managers and councillors - details of payments are set out in Notes 22 & 23. Normal terms and conditions apply to all related party transactions.		

	2015 R	2014 R
40. LEASES		
OPERATING LEASES		
The future minimum lease payments receivable under operating leases for the actual receivables are as follows:		
No later than 1 year	557 248	530 712
Later than 1 year and no later than 5 years	2 521 899	2 401 809
Later than 5 years	4 837 557	5 514 895
	7 916 704	8 447 416
<i>Salient leases</i>		
The municipality has entered into a non-cancellable lease with a private contractor to operate the Dolphin Caravan park. The lease runs for a period of 25 years, starting 1 July 2001. Real rental income escalates at 5% per annum.		
FINANCE LEASES		
Amounts payable under finance leases:		
Finance lease liability - Minimum lease payments		
No later than 1 year	14 295	219 856
Later than 1 year and no later than 5 years	-	14 295
Later than 5 years	-	-
Future Finance charges on finance leases	(825)	(14 953)
Present Value of finance lease liability	13 470	219 198
Present Value of Minimum Lease Obligations		
No later than 1 year	13 470	205 728
Later than 1 year and no later than 5 years	-	13 470
Later than 5 years	-	-
	13 470	219 198
Finance Lease Liabilities relates to Furniture and Fittings with lease terms of 3 to 5 years. The effective interest rate on Finance Leases is between 13,50% and 19,00%. Capitalised Lease Liabilities are secured over the items of equipment leased.		
The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.		
41. UTILISATION OF LONG-TERM LIABILITES RECONCILIATION		
Long-term liabilities - facilities granted	224 956 221	160 917 999
Used to finance property, plant and equipment - at cost	224 956 221	160 917 999
Undrawn facilities	-	-
DBSA R255 185 427 loan	36 903 785	139 055 871
ABSA R21 544 000 loan	2 164 026	9 202 898
	39 067 811	148 258 768
Facilities Granted / Not yet utilized	39 067 811	148 258 768
42 CHANGE IN ESTIMATE		
Furniture and Fittings, fully depreciated, but still in use at year end amounts to a cost of R3 638.40 and accumulated depreciation of R3 638.40.		
The Municipality reviewed the useful lives of items of property, plant and equipment. Adjustments to these usefull lives affect the amount of depreciation for the current year and is expected to affect future periods as well. As a result of this adjustment, the current year total depreciation decreased by a net R3 407 653.76 and will continue to affect annual depreciation for the remainder of these assets' useful lives. The detail breakdown of the depreciation adjustment is as follows:		
Buildings	302 695	
Housing Assets	107 594	
Electricity Infrastructure	(741 793)	
Roads Infrastructure	201 315	
Solid Waste	(1 195)	
Cemeteries	818	
Furniture and Fittings	(2 030 942)	
Vehicles	(998 670)	
Intangible Assets	(94 424)	
Leased Assets	(153 053)	
	(3 407 654)	

43. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the municipality. These risks include market risk (including, fair value and interest rate risk), credit risk and liquidity risk. The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

43.1 *Maximum credit risk exposure*

Credit rate risk consist mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit exposure in respect of the relevent financial instruments is as follows (domestic exposure only)

	2015 R	2014 R	2013 R
Investments	-	-	-
Cash and Cash Equivalents	540,390,976	542,370,693	528,947,208
interest rate swaps	-	-	-
Financial guarantees	-	-	-
Trade and other receivables	117,768,130	102,604,090	87,797,198
Maximum Credit Exposure	<u>644,974,783</u>	<u>644,974,783</u>	<u>616,744,406</u>

43.2 *Liquidity risk*

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flows.

2015	1 month or less	1-3 months or less
Gross finance lease obligations	1,678	2,519
Long Term Borrowings	-	2,866,848
Trade and other payables	-	-
Other	39,225,938	-
2015	3-12 months or less	1-5 years
Gross finance lease obligations	9,203	-
Long Term Borrowings	32,181,851	239,699,492
Trade and other payables	173,139,109	-
Other	-	-
2014	1 month or less	1-3 months or less
Gross finance lease obligations	25,371	49,558
Long Term Borrowings	263,873	3,522,816
Trade and other payables	-	-
Other	75,476,334	-
2014	3-12 months or less	1-5 years
Gross finance lease obligations	140,629	14,295
Long Term Borrowings	24,501,164	297,836,496
Trade and other payables	178,416,022	-
Other	-	-

43.3 *Interest rate risk*

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in the market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

	2015 R	2014 R	2013 R
Bank balances and cash	540,390,976	542,370,693	528,947,208
Maximum Interest exposure	<u>540,390,976</u>	<u>542,370,693</u>	<u>528,947,208</u>

43.4 *Other price risk*

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments

KWADUKUZA MUNICIPALITY
UNAUDITED APPENDIX A: SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2015

DESCRIPTION	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/2014	Received during the year	Redeemed / Adjustments / (Interest Capitalised) during this period	Balance at 30/06/2015
		%		R	R	R	R
Non Annuity Loans							
DBSA R43M LOAN	101267/1	8.58%	31/03/2026	24,996,543.35	-	2 083 045	22 913 498
Loan INCA R5 900 000	KWAD 00-0005	9.09%	31/05/2015	1,289,420.69	-	1 289 421	-
Loan ABSA R3100 000	30-3124-5686	8.73%	01/06/2020	2,230,975.16	-	280 656	1 950 319
Loan ABSA R900 000	30-3123-2295	8.23%	01/06/2015	215,958.06	-	215,561	-
Loan INCA R6800 000	KWAD 00-0006	9.02%	30/06/2015	1,614,554.09	-	1,614,554	-
Loan ABSA R21.544M	30-3593-5306	7.96%	30/06/2017	13,954,011.67	-	4 293 889	9 660 123
Loan DBSA R28.9M (ELECT)	61006918/19	9.73%	30/09/2030	67,007,164.70	37,001,294.49	3 420 684	111 642 451
DBSA: R5.888 LOAN	61006918/19	9.73%	31/12/2032	45,780,396.84	43,874,890.29	2 639 923	75 960 689
Total Non Annuity Loans				157 089 025	80 876 185	15 837 734	222 127 079
Annuity Loans							
Loan Development Bank Of SA	10580/204	12.00%	30/09/2017	243 391	-	59 748	183 643
Loan Development Bank Of SA	11165/102	15.75%	30/09/2017	3 141 372	-	734 919	2 406 453
Loan Development Bank Of SA	13527/103	16.50%	30/09/2014	66 284	-	66 284	-
Loan Development Bank Of SA	11577/102	13.45%	30/06/2014	-	-	-	-
Loan Development Bank Of SA	9879/102	12.00%	30/09/2016	376 747	-	137 701	239 047
Total Annuity Loans				3 827 794	-	998 651	2 829 142
TOTAL EXTERNAL LOANS				160 916 818	80 876 185	16 836 385	224 956 221

KWADAKUZA MUNICIPALITY
UNAUDITED APPENDIX B: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2015

	COST /REVALUATION									ACCUMULATED DEPRECIATION						
	Opening Balance	Additions	Under Construction	Assets fair valued	Assets Donated	Disposals	Transfers	Closing Balance		Restated Opening Balance	Additions	Disposals	Impairment	Transfers	Closing Balance	Carrying Value
								-							-	-
Infrastructure Roads	342,152,285	1,112,479		-	957,113		78,957,008	423,178,918		-130,878,574	-11,341,068		-10,364,625	-	152,583,468	270,595,450
Buildings	110,575,014	3,018,277		-		-172	15,623,387	129,216,506		-28,713,985	-6,300,270	172	-1,386,898		36,400,981	92,815,525
Cemetries	5,710,047		-	-	-	-	-	5,710,047		-1,291,027	-267,301	-	-		1,558,328	4,151,719
Solid Waste	2,849,150	1,342,210	-	-	-		-	4,191,360		-512,482	-209,816		-		722,298	3,469,062
Housing Assets	8,247,118		-	-	-	-	-	8,247,118		-4,911,191	-351,894		-150,685		5,413,770	2,833,348
Stormwater Infrastructure	133,378,418	1845950	-	-	-	-	18,800,600	154,024,968		-36,522,597	-3,453,539	-			39,976,869	114,048,099
Developed Land	161,301,174	-	-	-	-	-535,000	-	160,766,174		-	-	-	-		-	160,766,174
Electricity Infrastructure	488,396,673	3,711,809			13,097,721	-1,235,468	70,064,393	574,035,128		-174,463,402	-13,392,126	570,199	-877,097		188,162,426	385,872,702
Vehicles	51,828,375	1,823,720	-		-	-769,796	-	52,882,299		-28,479,036	-3,038,087	348,544	-42,420		31,210,999	21,671,300
Leased Assets	1,685,739	-	-	-	-		-	1,685,739		-1,429,519	-85,309		-		1,514,828	170,911
Undeveloped Land	274,974,750	-	-	-	-		-	274,974,750		-	-	-	-		-	274,974,750
Assets under Construction	183,551,326	212,997,486		-	-	-	-183,445,388	213,103,423		-	-	-	-		-	213,103,423
Furniture and Fittings	38,353,333	4,228,701	-		1,140,468	-1,037,191	-	42,685,311		-21,198,146	-5,558,050	912,649	-78,776		25,922,324	16,762,987
	1,803,003,402	230,080,632	-	-	15,195,303	-3,577,627	-	2,044,701,742		-428,399,959	-43,997,460	1,831,564	-12,900,501	-	483,466,291	1,561,235,451

KWADAKUZA MUNICIPALITY

UNAUDITED APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2015

		COST / REVALUATION				ACCUMULATED DEPRECIATION					
		OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	IMPAIRMENT	CLOSING BALANCE	CARRYING VALUE
001	EXECUTIVE AND COUNCIL	376 378 261	819 774	(941 427)	376 256 608	6 573 946	1 755 692	(172)	1 537 583	9 867 049	366 389 559
002	FINANCE AND ADMINISTRATIO	14 746 668	2 469 755	(77 899)	17 138 524	7 251 843	1 822 915	(36 488)	78,776.00	9 117 046	8 021 479
003	PLANNING AND DEVELOPMENT	16 232 506	537 588	(1 167 978)	15 602 116	5 786 535	864 541			6 651 076	8 951 041
005	COMMUNITY AND SOCIAL SER	132 171 874	12 238 055	(6 338 882)	138 071 047	16 111 983	1 339 040	(876 161)		16 574 862	121 496 185
006	HOUSING	522 219	8 492	(250)	530 461	337 665	36 743			374 408	156 053
007	PUBLIC SAFETY	63 541 459	9 988 106	(5 641 358)	67 888 208	29 701 544	4 957 598	(348 544)	42 420	34 353 018	33 535 190
008	SPORTS AND RECREATION	21 924 288	12 095 557		34 019 846	1 733 408	1 068 636			2 802 044	31 217 802
009	WASTE MANAGEMENT	12 739 564	1 342 210		14 081 774	3 986 409	1 305 074			5 291 483	8 790 291
010	ROAD TRANSPORT	576 588 925	203 832 699	(93 584 127)	686 837 496	178 024 033	15 425 258		10,364,626.00	203 813 917	483 023 580
011	ELECTRICITY	588 157 634	185 389 085	(79 271 057)	694 275 662	178 892 594	15 421 964	(570 264)	877,097.00	194 621 390	499 654 272
Grand Total		1 803 003 399	428 721 322	(187 022 978)	2 044 701 742	428 399 959	43 997 460	(1 831 629)	12 900 502	483 466 291	1 561 235 451

KWADUKUZA MUNICIPALITY

UNAUDITED APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	2014 Actual Revenue R		2014 Actual Expenditure R		2014 (Surplus)/ Deficit R				2015 Actual Revenue R		2015 Actual Expenditure R		2015 (Surplus)/ Deficit R	
	(111 295 323)		66 668 798		(44 626 525)		Executive and Council		(140 846 922)		70 931 841		(69 915 081)	
	(317 149 488)		87 935 263		(229 214 225)		Finance and Administration		(375 022 918)		121 934 285		(253 088 633)	
	(10 450 361)		27 974 112		17 523 751		Planning and Development		(15 685 821)		30 376 974		14 691 153	
	-		4 014 639		4 014 639		Health		-		4 807 709		4 807 709	
	(4 935 367)		18 867 374		13 932 007		Community and Social Services		(4 991 901)		21 574 674		16 582 774	
	(2 265 403)		5 902 988		3 637 585		Housing		(2 772 280)		7 852 535		5 080 255	
	(23 746 852)		85 011 439		61 264 587		Public Safety		(26 251 459)		101 270 389		75 018 929	
	(10 690 384)		74 387 641		63 697 257		Sports and Recreation		(22 783 282)		69 970 394		47 187 112	
	(61 075 383)		57 268 857		(3 806 526)		Waste Management		(72 243 696)		63 650 516		(8 593 180)	
	(21 731 753)		77 548 688		55 816 936		Road Transport		(51 471 989)		101 937 184		50 465 195	
	(537 815 115)		463 420 329		(74 394 785)		Electricity		(531 850 666)		471 790 249		(60 060 417)	
	(1101 155 428)		969 000 127		(132 155 300)		Sub Total		(1243 920 933)		1 066 096 749		(177 824 184)	

KWADUKUZA MUNICIPALITY
UNAUDITED APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2015

	Actual 2015	Budget 2015	Variance 2015	Variance 2015
	R	R	R	%
REVENUE				
Revenue from non-exchange transactions				
Property rates	(274,954,483)	(288,499,016)	(13,544,533)	4.69%
Property rates - penalties imposed and collection charges	(8,829,843)	(11,442,000)	(2,612,157)	22.83%
Fines	(21,075,352)	(29,987,810)	(8,912,458)	29.72%
Government grants and subsidies	(193,738,328)	(229,251,635)	(35,513,307)	15.49%
Licences and permits	(8,622,880)	(9,326,980)	(704,100)	7.55%
Public donations - Property, plant and equipment	(15,195,302)	-	15,195,302	100.00%
Revenue from exchange transactions				
Service charges	(621,653,078)	(630,142,286)	(8,489,209)	1.35%
Rental of facilities and equipment	(1,065,346)	(1,106,940)	(41,594)	3.76%
Interest earned investments	(30,490,667)	(24,949,875)	5,540,793	-22.21%
Interest earned outstanding debtors	(5,673,326)	(4,539,000)	1,134,326	-24.99%
Other income	(57,423,828)	(35,992,527)	21,431,301	-59.54%
Gain on disposal of property, plant and equipment	(53,500)	(90,000)	(36,500)	40.56%
Revaluation of investment properties	(5,145,000)	-	5,145,000	100.00%
Total Revenue	(1,243,920,933)	(1,265,328,069)	21,407,136	-1.69%
EXPENDITURE				
Executive and Council	70,931,841	65,169,219	5,762,622	8.84%
Finance and Administration	121,934,285	94,692,878	27,241,406	28.77%
Planning and Development	30,376,974	35,517,919	(5,140,945)	-14.47%
Health	4,807,709	5,019,155	(211,446)	-4.21%
Community and Social Services	21,574,674	24,384,915	(2,810,240)	-11.52%
Housing	7,852,535	14,350,622	(6,498,087)	-45.28%
Public Safety	101,270,389	109,295,071	(8,024,682)	-7.34%
Sports and Recreation	69,970,394	67,238,129	2,732,265	4.06%
Waste Management	63,650,516	69,548,307	(5,897,791)	-8.48%
Road Transport	101,937,184	107,029,238	(5,092,054)	-4.76%
Electricity	471,790,249	583,475,784	(111,685,535)	-19.14%
Total Expenditure	1,066,096,749	1,175,721,236	(109,624,487)	-7.10%
SURPLUS FOR THE YEAR	(177,824,184)	(89,606,833)	(88,217,351)	

UNAUDITED APPENDIX E(2) : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2015

32 278 448	212 997 486	245 275 934	408 249 519	(162 973 585)
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KWADUKUZA MUNICIPALITY
UNAUDITED APPENDIX F : GRANTS AND SUBSIDIES RECEIVED - 2014/2015

Name of Grants	Name of organ of state or municipal entity	Unspent portion 2013/2014 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2014/2015 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
				July to Sept	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June						
				1	2	3	4		1	2	3	4						
Equitable Share	National Treasury	-	8,000,000	34,705,000	13,226,000	23,746,000	-8,000,000	71,677,000	34,705,000	21,226,000	23,746,000	-	79,677,000	-	NO	N/A	YES	N/A
Municipal Infrastructure Grant (MIG)	DPLG	29,220,831		5,000,000	26,830,000	16,111,000	-	47,941,000	4,819,754	15,001,426	24,909,022	28,403,849	73,134,051	4,027,780	NO	N/A	NO	unauthorised mva transfer to Ilembe
INEP Grant	Integrated National Electrification Grant	186,728						-	186,728	-	-	-	186,728	0	NO	N/A	YES	N/A
Finance Management Grant	National Treasury	-	-	1,700,000	-	-	-	1,700,000	517,501	239,048	272,474	670,977	1,700,000	-	NO	N/A	YES	N/A
New Library	Provincial Libraries	106,348		252,000	-		-	252,000	60,982	64,981	68,054	62,550	256,566	101,782	NO	N/A	YES	N/A
Municipal Systems Improvement Grant	LGTA	58,152		934,000	-	-	-	934,000	575	300,967	89,195	601,416	992,152	-	NO	N/A	YES	N/A
Museum	Office Of the Premier	378,973		-	151,000	-	-	151,000	-	151,000	-	-	151,000	378,973	NO	N/A	YES	N/A
Property Rates Implementation	Ilembe District Municipality	31,986						-				31,985	31,985	0	NO	N/A	YES	N/A
DPT Sports	Department of Sports & recreation	198 070						-	15 474	-	-		15,474	182,596	NO	N/A	YES	N/A
Municipal Assistance Programme Grant	DPLG	822,903						-					-	822,903	NO	N/A	YES	N/A
iLembe Shared Services	Ilembe District Municipality	810,664		345,849	-	-	-	345,849	-	-	620,252	202,405	822,657	333,856	NO	N/A	YES	N/A
Neighbourhood Development Partnership	National Treasury	15 305 708	-	3 585 000	-	-	-	3,585,000	2,200,334.04	1 459 039	3 519 012	1 000 933	8,179,318	10,711,391	NO	N/A	YES	N/A
Thusong Centre		9 691						-	9 691	-	-	-	9,691	-	NO	N/A	YES	N/A
Multi Purpose Centre (MPCC)		69 414						-	48 283	21 131	-	-	69,414	-0	NO	N/A	YES	N/A
Entembeni Charlotdale Precent Grant		263 242						-	-	-	145 628	-	145,628	117,614	NO	N/A	YES	N/A
Corridor Development		5 563 115				5 000 000	-	5,000,000	758 353	114 846	2 658 143	3 405 422	6,936,764	3,626,351	NO	N/A	YES	N/A
EPWP	National Treasury	129 454		499 000	374 000	375 000	-	1,248,000	-	1 002 454	375 000	-	1,377,454	-	NO	N/A	YES	N/A
Housing Accreditation		11 124 706		3 899 760	971 762	881 600	600 960	6,354,082	297 431	669 324	104 741	484 600	1,556,095	15,922,692	NO	N/A	YES	N/A
Library Subsidy		-		-	2 800 000	-	-	2,800,000	-	2 800 000	-	-	2,800,000	-	NO	N/A	YES	N/A
IFA Grant		-		-	-	4 500 000	-	4,500,000	-	-	-	4 500 000	4,500,000	-	NO	N/A	YES	N/A
Small Towns Rehabilitation		-		-	-	3 000 000	-	3,000,000	-	-	-	-	-	3,000,000	NO	N/A	YES	N/A
Beach Rehabilitation		3 196 350		-	-	-	-	-	-	-	3 196 350	-	3,196,350	-	NO	N/A	YES	N/A
Demand Side Management Grant	National Treasury	8 000 000	(8 000 000)					-				8 000 000	8,000,000	-	YES	Underspensing	YES	N/A
		75 476 334	-	50 920 609	44 352 762	53 613 600	(7 399 040)	149 487 931	43 620 104	43 050 215	59 703 871	47 364 136	193 738 327	39 225 938				